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ECONOMIC AND INDUSTRIAL AFFAIRS

No. 2382



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GREATER ECONOMIC DISCIPLINE URGED BY SUPREME COURT JUDGE

Prague TRIBUNA in Czech No 3, 1983 p 5

[Article by Zdenek Besta, Supreme Court Justice of the CSSR: "Punishment and Prevention; the Urgent Requirement to Maintain Economic Discipline"]

[Text] It is clear from the conclusions of the 16th CPCZ Congress that it is important to increase the efficiency of economic agreements, pay more attention to adhering to discipline in supplier-consumer relations, achieve a high level of conservation of material resources, and maintain planning, financial, wage, price and foreign-currency discipline. But it is no less essential to punish low-quality work, wastefulness, and other negative economic phenomena.

In other words, the maintenance and strengthening of economic discipline is among the important preconditions for further development, and is an essential condition of greater efficiency in the Czechoslovak economy.

Disruption of Management and Planning

It is well known that socialist ownership is the source of the welfare of each of us, that it is critical in determining the standard of living, wealth and power of the state. It is, therefore, necessary to preserve it. This requirement is appropriate, and is understood to be the responsibility of a citizen of a socialist country. But it is not yet as well known that no less damaging and criminal (!) is the violation of economic discipline. Criminal acts in this area include, among others, the disruption of the management, planning and control of the national economy (see sections 125 and 126 of the Criminal Code). They are most frequently perpetrated in the presentation of inaccurate or grossly distorted data on plan fulfillment. The purpose of these machinations is to show, in contrast to the reality, that there has been a smooth or proper fulfillment of plan targets. This may occur, for instance, in the inaccurate reporting of receipts, with the motive of forming financial reserves to cover fluctuations in the fulfillment of retail turnover at a sales outlet. But false data are also entered in the daily record of food sold. The objective is to "improve" the economic performance of an operation and to frustrate the inspectors, so that no shortfall would be evident. Similarly, packing lists sometimes intentionally include improper data concerning the amount of goods

being delivered, and there have also been instances of invoicing for construction work which never took place. In these instances, it is usually a matter of distorting plan fulfillment and of an unjustified increase in profits. In agricultural production, reports are submitted showing larger herds of livestock than actually exist, and eventually greater than actual increases in beef production are reported (in one agricultural cooperative the results of annual operations were distorted by more than Kcs 222,000). In another instance, the manager of a service organization stated in his reports to supervisory organs a greater than actual magnitude of production of souvenirs, hoping in this way to overfulfill his production plan, his targets for conserving inputs and his wage targets. The director of a certain national enterprise entered in his reports, which were used by the supervisory organization to plan capital investments, improper data concerning the condition of capital assets, thereby demonstrating the necessity of investments.

There are enough examples of this kind. But it must be understood that criminal responsibility for the submission of incorrect or grossly distorted data in reports and declarations which aid in management, planning and control may fall on any employee who, in the context of his occupation, position or function, is responsible for the fulfillment of even isolated economic tasks of a socialist organization or of one of its components. Responsible employees, in this regard, are usually considered to be the managerial employees of enterprises, factories, operations of socialist organizations, i.e., those who are materially responsible for the assets entrusted to them (managers of sales outlets, warehouse managers, etc.), as well as construction project managers, capital investment managers, economists of cooperatives and their chairmen, senior economic officials, construction industry officials, etc. Such positions, remember, are not held by an employee who fills out reports and declarations concerning only his own work performance or resources for which he alone is responsible.

"Black Funds"

A violation of responsibilities in the allocation of financial and material resources (Section 127, Para 1 of the Criminal Code) occurs primarily through the creation of unauthorized financial funds. This occurs mostly with the aid of various, and usually deceitful dealings. These include, for instance, the multiple invoicing of work actually performed for another organization within the context of supplier-consumer relations, or the invoicing for labor and services which were not performed. Such funds are also formed, for instance, by refusing to award various bonuses and premiums to certain employees, or through the unjustified securing of differential payments for a JZD (Unified Agricultural Cooperative), for instance through the selling off of beef cattle, etc. Such funds also take the form of the unjustified use of financial resources, for instance using noninvestment resources to cover capital investment costs, or for the illegal compensation of athletes in physical fitness units to transfer, etc. Sometimes receipts are held back as well, the idea being to create a reserve to assure smooth plan fulfillment in future periods. There are other forms of this as well, however: they include invoicing for a larger amount of material than was actually consumed (thereby creating materials inventories); the feigned reduction of inventories, for instance of spare auto parts (this being the "way" to obtain resources for the purchase of new ones);

the illegal transfer of financial resources to other socialist organizations, the conclusion of various agreements, etc. The aim of all these activities is to obtain resources for various illegal expenditures such as entertainment, for the payment of bribes, and above all for the procurement of materials in short supply, the obtaining of certain advantages for an organization, etc.

These criminal activities may be engaged in only by a managerial employee with some responsibility, one who has the authority to manage financial or material resources and to allocate them. This can, however, also be a line employee, the one to whom specific tasks are delegated. These include the writers of invoices, wage accountants, warehouse employees, buyers, etc. What is critical is the type of work actually performed, and not the individual's organizational position based on a contract. The responsible economic employee may, for instance, just as easily be the representative of a warehouse manager, even though he belongs to the category of warehouse workers.

In cases of the violation of responsibilities in the allocation of financial and material resources (Section 127, Para 2 of the Criminal Code), the most prevalent form is that of unauthorized advantages being provided for work performed in the interest of the organization, but which violates wage or other regulations. In practice this is a matter of reporting a longer period on the job than was actually the case, the use of higher than proper hourly rates, the improper offering of bonuses, refreshment, meals, severance pay, etc. It is necessary, however, to differentiate: while the improper formation or utilization of financial funds and reserves (Section 127, Para 1 of the Criminal Code) is undertaken to secure improper advantages for a specific socialist organization, in this case (violation of responsibilities in the allocation of financial/material resources, Section 127, Para 2 of the Criminal Code) improper or excessive advantages are provided to an individual from the resources of a socialist organization in return for work performed in the interest of that organization. In most cases it is a matter of fulfilling targets. Nevertheless--and this is critical!--the law does not allow for this possibility. It regards such activity, on the contrary, as an improper advantage, a criminal act. In this sense, then, so for instance is the fulfillment of the economic plan in all its indicators if, given adherence to economic discipline, the same plan would not have been fulfilled. Likewise criminal, however, is the procurement of capital assets that is in conflict with legal regulations, etc.

The Responsibility of Everyone

Regulations concerning criminal activities against economic discipline, and particularly those mentioned above, are meant to assist in securing the smooth functioning of the national economy and its preservation against the assertion of individual and local interests at the expense of the public interest. In comparison with criminal activities directed against property in socialist ownership (the theft of property in socialist ownership, etc.) the perpetrator is in fact attempting to gain advantages for socialist organizations, but his criminal actions against economic discipline are objectively just as damaging for the further development of the Czechoslovak economy. These criminal actions result, in the final analysis, and primarily in the production process, in incalculable damages, to say nothing of the negative impact on

morale and political awareness. Above all, economic employees should be aware of this, but it is also essential that everyone--communists, SSM [Union of Socialist Youth] and ROH [Revolutionary Trade Union Movement] members, all employees--contribute to the uncovering and eventually the prevention of this kind of crime. This is also important because, in terms of the resources for strengthening economic discipline, criminal punishment is only of a secondary, auxiliary nature. The critical role is prevention and it must continue to be in the future. This is effective only when measures are taken at all levels of management which will lead to an improvement of planning, management and control. But, at the same time, it is essential to introduce everywhere economic incentives to increase labor productivity, to maintain discipline and a strict conservationist attitude.

9276

CSO: 2400/143

APPLICATIONS FOR PRIVATE SERVICES LAG FOR LACK OF TRUST

Prague TRIBUNA in Czech No 3, 1983 p 5

[Article by Oldrich Bilovsky: "Services Must Serve"]

[Text] The quality, readiness and availability of services for the population is a major interest of the general public. This is the case because the availability of services can either make people's lives easier or, on the other hand, more complicated. "Every responsible employee must be aware in his own sector that this is not only an economic, but a highly political question," as the conclusions of the 16th CPCZ Congress state.

Recently, and especially since the Sixth CPCZ Central Committee Plenum, there has been a shift in the development of services for the population. But not everywhere and not always! The forward progress which was made in some locations is an outcome of the efforts of national committees. They were reacting to citizen comments and implemented measures to respond to them. At the same time, functionaries, delegates and employees of the national committees understood that functioning services which do a good job of meeting people's needs are a component of the comprehensive economic and social development of a given territorial unit. For this reason, in many locations the principle has taken hold of approving the plan for services at a plenary session.

Organizations providing services, however, are not always and not everywhere able to meet the demands made upon them. This is the case in spite of the fact that in local management enterprises, in production cooperatives and other organizations there are almost three-quarters of a million employees, that enterprises providing services have at their disposal a strong material and technical base, and that most of them fulfill and exceed their plan targets. Nevertheless, the repair of a clock often takes months, and there are difficulties with the soling of shoes, etc. "Of the total capacity of service and local management organizations, only about 50 percent actually works for the population," stated the report presented at the Sixth Plenum of the CPCZ Central Committee. Other problems also exist however. The quality of management is low, there is insufficient planning and economic incentives, and equipment is often obsolete. There are difficulties with spare parts, machinery, tools, etc. There has been, to be sure, a certain improvement in the work of certain service enterprises, but there has been no fundamental turnaround. This situation persists despite the fact that the development of services for the population has been and will continue to be a priority task for socialist enterprises,

organizations, production and apartment cooperatives managed by national committees. It is, therefore, necessary to substantially improve their operations and to greatly increase the role of their work in delivering services to the population. This is a clearly established task, which was emphasized again by the Sixth CPCZ Central Committee Plenum.

Along with the fulfillment of this task it is also essential, however, to take advantage of other possibilities: the establishment of small shops administered by national committees, the issuance of permits for the performance of services to citizens, the application of the principle of economic rent, etc. This is an essential strategy! It must be implemented in those locations where services cannot be provided any other way. So far however, this form of organization has run up against a barrier of mistrust. Such fears are completely unnecessary! After all, the permit to perform services is issued by the socialist state represented by the national committee, the performance of the services is regulated by ordinances and laws, income regulations exist, the craftsman pays taxes on his income, and does not enrich himself without working for it. And finally, his permit may be revoked at any time based on documented shortcomings.

The point is that in all locations where these organizational forms have been tried, there have been positive experiences with them. In Kromeriz District, for instance, services are provided to the populace based on a so-called "free linking up" of citizens with 330 craftsmen--seamstresses, masons, interior painters, etc. "Meeting the needs of our people without their assistance, especially in outlying and small villages, would be complicated and sometimes almost impossible," says the District national committee vice chairman, Eng Frantisek Durdak. In this District, however, they have carried the process further. When they found out that 13 Jednota operations (these are small pubs in which monthly receipts do not exceed Kcs 12,000) in villages would be closed either for a lack of employees or out of disinterest on the part of the operator, they supported changing the operations to a rental basis. In this way, they meet citizen needs and provide this type of services in places where its operation would be objectively inefficient for socialist organizations.

Raising the quality of citizens services is a complicated, highly political task. The basic conditions to meet this objective have been created already in many districts and other locations. Efforts must continue in this direction: citizen needs must be balanced against the possibilities, and all necessary resources must be used to assure citizen satisfaction. After all, good service work, services provided by socialist organizations, cooperative, local management organizations and those people who provide small-scale service operations under national committees and, finally, individual citizens who perform services under the applicable regulations, are all essential components of the high standard of living which we have achieved. Their quality and accessibility, however, are also important components of a socialist lifestyle, one of the preconditions for winning over citizens to play a still larger role in the building of a mature socialist society.

9276

CSO: 2400/143

FOREIGN TRADE RELATIONS PROBLEMS DISCUSSED

Prague RUDE PRAVO in Czech 15 Feb 83 p 1

[Editorial: "Concerning the Activity of Foreign Trade"]

[Text] Last year our foreign trade continued its progress. In territorial division, final results demonstrated different rates than in the preceding period. In particular, international exchange of goods with socialist countries was further expanded. Its share in total sales of Czechoslovak foreign trade represented a full 75 percent, of which that with the USSR was more than one-half. This is proof that last year again intensification of our economic cooperation with the socialist countries on the basis of the Comprehensive Program of Socialist Economic Integration was of vital importance for our economy.

As regards the nonsocialist states, exports amounted to 96.6 percent and imports to 93.5 percent of the situation in 1981. Thus, the resultant active balance enabled us to substantially reduce our debt in free exchange. This was one of the most positive factors in our economic management last year. However, although the lower rate of exports to the above-mentioned territories reflects the crisis in sales and numerous discriminatory policies against the socialist countries and thus, also against the CSSR, it calls for considerably increased efforts by the production and trade organizations.

A very demanding plan has been adopted for this year in the area of foreign trade. Its implementation will be neither easy nor simple, and the achievement of the planned results will require significant efforts. Export tasks must always be considered in relation to import needs. The costs of imports continue to grow. Because our economy is relatively dependent on raw materials, materials, energy and finished products procured abroad, it is absolutely imperative to strive much more vigorously so that lucrative exports provide needed funds for the procurement of imports as well as means for further reduction of our debts.

For that reason, it is necessary, first of all, to intensify the cooperation of foreign trade with production, to increase fundamentally the level of exports offered by production, and to continue improving commercial operations in trade organizations. Certain organizational adjustments of the current structure have been adopted to integrate production and trade more efficiently.

A system of mutual exchanges of personnel was introduced for production managers to work for some time in organizations of foreign trade to become better acquainted with their problems and conversely, so that managers of foreign trade learn in manufacturing organizations the problems faced by those organizations in terms of exports and imports. Attention is focused on training of young experts for jobs in foreign trade. For that purpose, the Institute of Economics inaugurated a new type of postgraduate studies.

Adopted were measures to improve the operations of pricing sectors in the ministry and in individual foreign trade organizations, as well as measures aimed at further intensification of incentives for foreign-trade employees to obtain the best possible prices for exports and imports, while other measures are focused on creating opportunities for more exports of investment units and more exports of construction work, and on more extensive integration of Czechoslovak experts in world scientific-technological cooperation.

Evidently, all those and other policies express positive principles whose common denominator is expansion of international exchange of goods and an increase in its efficiency. International economic cooperation is of considerable importance for our economy which has a distinctly processing character.

In addition, however, it is imperative to take a more critical look at all operations in foreign trade or related to it and above all, to identify scrupulously all shortcomings appearing in it occasionally. After all, mere reprimands are not enough when a subordinate foreign-trade employee stashes in her desk an unanswered request from an important customer concerning an offer of certain goods, and when her explanation is that he received that particular information some 6 months ago and thus, that he can look it up for himself.

It is no secret that due to the current crisis of sales in the markets in the West orders are much more difficult to come by, especially as regards certain kinds of products, and yet one order in the value of 80,000 Swiss francs for 50 types of goods which our manufacturers should easily produce in 3 months has not been fulfilled even after 6 months. Since the merchandise was seasonal, the customer canceled his order and purchased the goods from our competitor.

And how should one view the conduct of manufacturers in a sector which has been complaining about a lack of interest in its products. Last year one company showed interest in its goods in the value of 2 million marks, with the option of buying 25 percent more this year. Nevertheless, because our manufacturer was unable to produce the required goods, the company reduced its interest by half and is now even thinking of starting its own production. Another company in the same sector ordered from us goods in the value of 400,000 pounds sterling, but the manufacturer was unable to deliver more than about 25 percent.

Unfortunately, there are many more similar examples as well as many other instances where the customer claims a price discount because of the inferior quality of the goods and complains that the delivery was incomplete or

delayed, that spare parts are in short supply, etc. If it were not for such losses last year, the active balance of our trade with industrially advanced states could have been considerably higher. However, this involves more than discounted losses, because in such cases figures can hardly express the loss of confidence, which is grist for the mill of our competitors.

From this perspective, it is unquestionably advantageous that a system of mutual exchange of personnel has been introduced in production and in foreign trade; various methods of closer cooperation between production and trade are being tested and other measures are under way. The purpose of all this is to raise and strengthen the awareness of coresponsibility of our production and trade organizations for the achievements of our foreign trade.

Much needs to be corrected and improved also in our trade relations with socialist countries, particularly because they are playing an increasingly more meaningful role in total sales. Although mutual trade relations are based on long-term agreements, annual records must be fulfilled with offers of specific products, naturally, of goods in which our partner is interested. It must be stressed again that for a long time already there has been no sellers' market but only a buyers' market, which in brief and blunt words means that we must manufacture only goods that have been ordered, and that we must scrupulously observe every provision stipulated in the contract. If we fail to be mindful of this fact, the result would be a situation where there would be no customers for whom to produce.

Yet another fact has to be underscored. The active balance in foreign trade achieved last year is above all the result of considerable restrictions of imports. If some production enterprise complains that its funds for imports have been cut, then it should consider first of all whether it had helped obtain foreign exchange by lucrative exports. It is not enough to make demands; it is necessary above all to create appropriate preconditions and opportunities for their fulfillment. That is the flip side of the coin at which certain manufacturers are not willing to look.

Our state is interested in developing mutually advantageous international exchange of goods. This fact was underscored in recent days by our minister of foreign trade at his meeting with trade representatives of diplomatic missions in Prague. Discriminatory policies and other measures hampering trade sharply contradict the Final Act of the Helsinki Conference on Security and Cooperation in Europe which was endorsed by 35 signatories. The conduct of some of them discredited their signatures and played to the tune of the cold war. Such policies do not benefit even the people in their own countries. The CSSR will never resort to such methods.

In our own interest as well as in the interest of our partners, we must therefore expand trade relations even more dynamically, search for new forms of such relations, improve methods of operation, eliminate all shortcomings without any exception and enhance the reputation of our country as a reliable ally and partner in foreign trade.

CZECHOSLOVAKIA

COUNTERPLANNING IMPLEMENTATION CRITICIZED

Bratislava PRACA in Slovak 26 Jan 83 p 7

[Article by Dr Jozef Virgala, Czechoslovak State Bank, Nitra branch:
"Conditions for More Challenging Work; Observations on Implementation of
the Set of Measures"]

[Text] Weaknesses in Counterplanning--Mandatory Nature
of Certain Economic Indicators Differs--Above-Norm
Supplies Pose Lengthy Problem.

Comparing reality with requirements of the Set of Measures reveals a number of conflicting cases and continuing adherence to practices of former years.

It is not at all rare for plan specifications in organizations to be out of proportion. This is also shown by the fact that an enterprise may meet its "time plan," or even surpass it, but compared with the annual plan it is lagging sharply. The consequence of such a development is to change the plan, generally adopting it to actual development. In this connection, it should be mentioned that changes should be confined only to cases that involve raising efficiency or preventing an imbalance from occurring. In practice, however, this provision is seldom honored.

I will cite a specific case for the record. An organization which in the course of the year had had problems meeting its plan objectives and, among other things, also lagged in profits, and which last year had met only 41.8 percent of the year's plan, had its plan adjusted by a superior body so that in 10 months it had already met 106.9 percent of the year's plan for profits. In 11 months it had fulfilled this indicator 109.8 percent.

Manipulating the proportional aspects is typically done not only at the end of quarters and months, but also in the course of them. The actions mentioned affect the value of the plan as a management tool. We recognize claims from the past, and often used even today, that the plan is not sufficiently authoritative. This is a very clever pronouncement but in general incorrect and thus untrue. The problem is lax planning discipline.

The above practice, however, also has further consequences. It creates an unfavorable social and political climate for mobilizing workers to fulfill or exceed planned quotas. And there is also the retroactive effect--and even worse, also the future one--nullifying political work not only of trade union bodies. In this way the conviction will gradually form, and the practice too, that achieving a favorable relationship in fulfilling the plan and ensuring material benefits is possible by means other than conscientious, quality work. This is a matter that calls for serious reflection. It involves an ethical as well as economic context.

Extensive and frequent plan modifications are closely connected with inadequately prepared specifications of tasks at the various organizations. The specification guidelines are being done today exactly as before implementation of the Set of Measures. The only difference is that mandatory and guiding plan indicators are designated in the specifications. The plan specifications sent by superior bodies to enterprises have no explanatory information indicating how the guidelines are determined. Such an explanatory statement ought also to accompany every change in the plan. Then the enterprise could see the materiality or immateriality of the reasoning of its superior body and could reasonably argue from its position, telling how it sees the situation.

In seeking and discovering unused resources, old practices still persist to the detriment of the matter, in spite of the fact that the Set of Measures introduced a number of basic changes in this area. This leads to the conclusion that there is no spirit and much complacency and inertia in economic practices. The same applies to procedures connected with gradual modernization and actions bringing rapid returns. This kind of investment is specified by superior bodies as being binding on enterprises.

From the nature of things, then, it follows that the obligation applies upward as well as downward. It should be understood that way. But to what extent the input from these actions is considered in the detailed breakdown of tasks according to the guidelines which the superior body submits in the draft plan and then in the definitive plan is almost impossible to ascertain. Most often the organizations show that the input to these actions is or was annulled by unfavorable developments at this or that sector for such and such a reason. Unfortunately, the matter is not pursued any further.

Counterplanning

The Set of Measures also supports greater activity of workers in management and as part of this participation it advocates counterplanning as one of the ways of meeting and surpassing the tasks of the Seventh 5-Year Plan. The Set of Measures directs central bodies and VHJs [Economic Production Units] to formulate comprehensive conditions to assure maximum input from counterplanning consistent with the needs of society.

The first practical experiences with counterplanning were in preparing the draft plans for 1982. At that time, planning was beset with initial difficulties. Among other things, delays in converting plans to new prices had unfavorable effects. Then there was no time for counterplanning. So there were few organizations which took part in counterplanning.

And these followed two different approaches. One part reacted to counterplanning according to the new prices, the other reacted according to the original instructions and so prepared its counterplans according to the old prices. Superior bodies took over these proposals for the plan in 1982 prices. Thus the input of counterplanning got lost.

Even in the draft plans for 1983 the number of organizations involved in counterplanning did not increase significantly. It so happened that acceptance of the more stimulating tasks by one part of the organizations was significantly reduced by rejection of the guidelines by the other part of the enterprises. Neither the enterprise sphere and its superior bodies nor even the trade union component were able to make a basis change. In spite of the fact that socialist competition has broad application, so far it has not been possible to integrate it into counterplanning to the full extent. Sometimes it appears that these two close currents move next to one another as though they were strangers. To interlock all this in order to increase efficiency is a job for the economic sphere. Coordination along trade union and economic lines will be required for this.

In this connection, it should be mentioned that according to Procedures for Implementing Counterplanning (URO [Central Trade Union Council] Reporter No 4/81), whatever was worked into the draft plan of organizations or VHJs within the time limits for submitting proposals for the annual plan to central bodies of the appropriate planning commission may be considered as counterplanning. Any further advancement of tasks is considered overfulfillment of the plan and is of lower material advantage. This means that input from socialist pledges which are accepted after the plan is known cannot be considered and rated as counterplanning.

The Investment Area

The varying degree of the mandatory nature of plan indicators has unfavorable consequences in some respects. Superior bodies designate the fulfillment of capital construction plans as, among other things, mandatory tasks for investors. This indicator, by its nature, corresponds to the indicator of contracting construction organizations which we know under the name of basic building production (ZSV). For the construction organization, however, this indicator is designated as a guiding task.

Understandably, the differing degree of the binding nature of the substance of corresponding indicators has unfavorable consequences for the investor as well as the buyer. Here the influence of planned management instruments with their interrelationships cannot be discerned positively. The only way out for the investor from this unfavorable situation is that he declares remuneration to the supplier from his operating resources as shortened construction terms.

There is one more example of this problem. Some enterprise employees claim that the accounting output is of no interest to them because it is defined for them only as a guiding task and that what is important to them is the adjusted value added output because that is a mandatory indicator. The practical consequences of this is that in one respect organizations meet the adjusted value added output to a higher degree than accounting output. These circumstances in themselves do not indicate anything wrong.

Meeting or not meeting the accounting output, however, has certain consequences. They are important factors for computing turnover of supplies which is mostly designated as a mandatory indicator. If the enterprise does not meet the accounting output, it can easily happen that it fails to maintain supply turnover, a mandatory indicator, even though it has below-plan supplies. Not observing the consequences has resulted more than once in unpleasant surprises.

Numerous regulations were issued for carrying out the principles of the Set of Measures. More of them are expected. The first group includes Degree No 49/81 ZBIERKA, of the State Planning Commission and the CSSR State Arbitration Office, about management of unused supplies. It calls for regular sorting out of the supplies by their nature, arranging and classifying the unused supplies into two or three basic groups and stipulates mandatory surplus bidding to sell the unused supplies.

The provisions of this decree began to stir up a very complicated and basically contradictory problem. It should be said, however, that in several cases its application was delayed and effected only after warning by control bodies.

Intensified checking of supplies in economic organizations showed serious deficiencies in this area, such as easy access and inadequate records of assorted supplies. Some organizations even dispose of unneeded or surplus supplies by illegal methods. They tie in their sale with the purchase of other goods. They do not realize that they are committing an offense against the interests of the socialist economy.

Practice confirms that the inadequate structure of supplies is a greater problem than the question of whether an enterprise has supplies over or under the plan and this calls for urgent attention. Experience showed, further, that identifying unused supplies should be extended to all types. It does not suffice to sort out only production supplies even though they make up the bulk of the supplies. Unused supplies also exist in unfinished production, in finished goods, in items of gradual consumption and finally, also in imported supplies. Irregularities in the various accounts are also worthy of attention. This refers especially to accounts of materials in transit and to shipped, but not invoiced, noncapital deliveries.

The Effects of Credit

To make credit and credit differences more effective, the Set of Measures prescribed use of criteria of efficiency. The bank meets this requirement by judging credit efficiency according to fulfillment of mandatory tasks and the limits of the economic plan and at the same time it gives special attention to criteria which it designated in detail as general criteria of credit efficiency.

Another method of increasing the effect of credit is represented by credit restrictions, especially credits for supplies and for claims. Specifically, this means denying credit for supplies in excess of the plan and temporary supplies, limiting credit for claims before maturity to a 15-day planned consummation and claims after maturity to only 30 days after they are due. The aim is to create economic pressure this way for fulfilling the plan and attaining good results in financial management.

The results of these measures have so far appeared in increased inability of organizations to make payments and in their criticism of the bank procedures. The enterprise sphere sees this procedure as the main causes of its payment difficulties and not in the circumstances of prime importance which gave the main impetus to this procedure. Experience shows that the enterprise sphere, if it wants to react quickly to financial developments will have to intensify its financial planning for everyday needs and when favorable developments occur, will not be able to look for causes retroactively and then take actions that should have been taken before.

Experience from implementation of the Set of Measures, including counterplanning, shows that so far the expected objectives have not been reached. This, however, does not mean that we cannot continue to build on this document. Further actions should make use of observations from positive as well as negative aspects of development. It will be important to clearly identify and distinguish between causes and effects of factors which influence developments in one or another direction.

The Set of Measures promotes new, more challenging approaches to fulfilling tasks, abandoning stereotypes and beaten paths. It advocates applying scientific-technical findings not only in clearly technical applications but also in relations with human beings, which is generally overlooked. It stimulates deeper analysis and evaluation of economic processes. Thus the Set of Measures has created conditions for more challenging work. The question is how we will respond to this challenge.

8491

CSO: 2400/142

RECIPE FOR INCREASED CROP PRODUCTION IN SLOVAKIA

Bratislava PRAVDA in Slovak 4 Feb 83 p 5

[Article by Eng Jaroslav Balsan, CSc, Plant Production Research Institute, Piestany: "Realistic Possibilities of Increasing Food Production"]

[Text] Agricultural production is carried out in different agroecological conditions to which more attention must be paid the more heterogenous and conservative they are. Among the countries with such conditions is also the SSR where, in contrast to the CSR, the effect of the continental climate is more pronounced. In the warmer regions of the SSR there is insufficient rainfall, and high temperatures, for example, during the ripening of grain crops substantially reduce the harvest. On the other hand, low temperatures and frosts without a snow cover in the mountain regions frequently damage young grain crops and perennial fodders in some areas.

The conservative features of the agricultural system including adverse weather conditions can be to some extent eliminated only on the basis of a systems analysis of the region in question and of determination of such a structure of crops as will make the best possible use of them for maximum production of dry matter. Likewise, a correct rotation of crops according to firm sowing schedules and appropriate cultivation of soil significantly affect the maintenance of its natural fertility.

In view of the agroindustrial system one must take into account that if some principles are violated, particularly by the sectors securing a high degree of intensification--70 percent of material-technical procurement--some of its features (increase in the residues in soil, pollution of surface and underground water by nitrates caused by the large applications of nitrogen, deterioration of biological, physical and chemical properties of soils, increase in the area of acid soils and so on) may have a harmful long-term effect.

The basis for eliminating negative influences is formed by the higher density of polygastric animals--beef cattle and sheep--and the resulting increase in the external recycling of organic density, which is covered rather unsatisfactorily in the SSR at the present time. Also the augmentation of areas sown with perennial fodders and alfalfa in the lowlands and with clover in the mountain regions from the present 15.1 percent of the area of arable land

to 17-18 percent, as it follows from the resolutions of the 13th Plenum of the CPCZ Central Committee, will create the basis for increasing the external and internal recycling of organic matter and for restoring the balance between the consumers and sources of carbon. This is the key task of agricultural enterprises. The declining curves or even stagnation of some crops, such as sugar beet, is one of the consequences of an upset balance as well as the cause of greatly varying harvests of most agricultural products.

The present agricultural system which is defined by Academician Kudrna as a complex of interdependent elements, means and devices rationally arranged and regulated both in terms of time and area in order to achieve optimum production of dry matter (SSSini), must be interpreted dynamically. Its components must be properly coordinated for this purpose so that all laws governing its functioning be observed (size of the enterprise and tracts of land, number of sowing procedures, methods of tilling land, structure and technologies of livestock production and so on).

The cultivation of perennial fodders on a larger area of arable land than at present is also very urgent because of their beneficial effect on softening the hardened stratum below the reach of the plow and enrichment of soil with the organic matter in the form of root residues by 14 ton/ha [hectare] which represent 59.6 tons of barn manure, and with aerial nitrogen from 0.05 to 0.2 ton/ha.

Perennial fodders producing greater amounts of protein per hectare than other fodders can be fed in the fresh green form, hay meal or granules to polygastric and monogastric animals; in the form of hay and silage and haylage to beef cattle. They constitute the basis for more effective livestock production in general. They make possible the reduction of grain needs per unit of production which is very important because the annual deficit in grains amounting to 2.3 million tons during the Sixth Five-Year Plan had to be made up for by expensive imports. Of the total per capita consumption of 85 kg of meat, 13 kg were produced from imported fodder; of 225 kg of milk and milk products, 35 kg were covered by imports and of 350 eggs consumed 47 were covered by imports during this period. The extension of the area sown with perennial fodders and corn is the first prerequisite for increasing the number of beef cattle and the stability of the agricultural system.

Correct Distribution of Production

A differentiated areal distribution of state plan tasks among the districts and enterprises by means of isocarps (indicating the average harvest over a several years' period) which in the given production region generalize the properties and mutual relationships between the proposed crops, features of the region in question and the laws governing them, must also be accepted from the standpoint of stability of the agricultural system and reduction of energy consumption.

Of the total area of arable land in the SSR, 70 percent is taken up by the corn and beet production regions (54 and 16 percent respectively), and 30 percent by the potato and mountain production regions (20 and 10 percent

respectively). Within these regions, the crop structure and harvest can be specified. The isocarps method creates prerequisites both for a more precise demarcation of these regions and for the objective determination of growth rates and optimization of crops. Such a distribution of state plan tasks will make it possible to make maximum use of radiation energy and of potential fertility of soil in different ecological conditions with smaller energy inputs.

In determining the crop structure, it is necessary, in view of the situation existing in regard to the grain crops, including corn for grain and perennial fodders in the SSR, to take into account, in addition to the already achieved natural harvest level, also the conversion of crops including byproducts into dry matter or production of dry matter per kg of c.z [pure nutrients] at NPK [highest permissible concentration] as well as the stability of harvests over the period of several years. The harvests of thickly sown grain crops were adversely affected by drought in recent years and were stabilized by corn for grain. If we proceed from the fact that the warm production region accounts for 50 percent of the area of arable land in the SSR, we find that drought in May is of decisive importance within the precisely defined periods and area. Corn makes more effective use of precipitation in April than grain crops and its harvest is more secure. The lack of rain in June can be in the case of corn very effectively compensated by irrigation. In the mountain regions, where winter wheat and barley produce a smaller yield or about the same yield in grain as rye it is, from the standpoint of dry matter production and lower production costs, more advantageous to sow winter rye and oats.

As to perennial fodders, we have so far underrated their positive effect on the reduction and elimination of unfavorable devastating influences and also that they are the biggest producer of carbon which they again put back into the soil. With their proper representation in sowing procedures, these important protein-rich quality fodders and excellent fore crops get into the same tract of land within 7-8 years. The reduction of the area of perennial fodders has narrowed the choice of appropriate fore crops for winter wheat. The effect of less suitable intermediate crops for winter wheat which occupies as much as 28 percent of the area of arable land cannot be offset under the SSR conditions (even by the bigger applications of industrial nutrients). The disproportionate representation of crops is one of the reasons for nonobservance of sowing procedures in agricultural enterprises.

Maintenance of Fertility of Soil

The small area of agricultural land of 0.51 hectares and of arable land of 0.30 hectares per capita, and its anticipated decrease to 0.26 hectares by the year 2000 due to further construction and population growth confronts the entire agricultural complex with the key and urgent task of maintaining the fertility of the soil. The decrease in area can to some extent be made up for by the recultivation of land not yet used even if this land is of worse quality. Special attention must, therefore, be focused on the still unused land in the builtup sections of communities, in JRD [unified agricultural cooperatives], SM [state farms] and in the neighborhood of industrial enterprises. These areas should be used for supplementary growing of vegetables and fruit designed for common catering. Other areas, unsuitable for large-scale agricultural production, should be assigned to small growers and small breeders.

The importance of this task is evident also from the analysis of the quality of soil and its production capacity in the SSR. Only 28 percent of the total area has very good conditions for production, an additional 28 percent has good conditions, 36.1 percent worse conditions and 7.2 percent even less suitable for production. Of the SSR's 38 districts, the soil in 12 has a production above 70 points; in 15, from 50 to 70 points; and in 9, up to 50 points.

In soil improvement projects, agricultural enterprises must concentrate on:

--reduction of the area of the land threatened by water and wind erosion which threatens almost 1.2 million hectares or 48.3 percent of the agricultural land in the SSR. Approximately 13 percent of agricultural land urgently requires protection. Approximately 200,000 hectares of arable land is threatened by water erosion which has additional indirect negative effects. In the nearest future, increased attention must also be paid to the elimination of effects of soil washed away from slopes by downpours and melting of snow. Increased attention must be paid to the antierosion arrangement of plots, rotation of crops by zones, minimum tillage and use of organic fertilizers. Fruit trees should be planted for protection in the most threatened locations;

--reduction of the area of 800,000 hectares of acid soils with a pH content below 5.5. Their liming for more effective application of industrial fertilizers, particularly phosphorus, is the most urgent task of scientifically controlled nutrition of plants. Soil improvement liming in the amount of 10 tons/ha and maintenance liming of 2 tons/ha limit further increases in the grains, sugar beet, corn, legumes and alfalfa crops even now;

--increasing production of organic matter--particularly of barn manure and its correct handling in barns and piles in the fields. Without restoring the balance between consumption of carbon by cultivated plants and its supply in the form of organic matter, neither the capacity of soil to retain nutrients and moisture nor its physical, biological and chemical properties can be improved. For this reason, decentralized investment projects must concentrate on construction of structures adequate for storing barn manure. Specific projects must be included in the CVFP [Yearly Production-Financial Plans] and assigned to individual members of management personnel as mandatory tasks on which their premiums are based. As scientific research centers have found, the CSSR's needs for organic matter are covered only 60 percent! By improving care of barn manure, the organic matter losses could be reduced by almost 50 percent and nitrogen losses by as much as 70 percent. It must be critically pointed out that our large-scale agricultural production has very much lagged in the mobilization of these biggest reserves;

--increasing the area and stabilization of areas sown with perennial fodders, particularly alfalfa and clover, increasing their crops and better utilization of permanent grass-covered strips will create favorable conditions for a more rapid increase in the number of polygastric animals--beef cattle and sheep. The balance in this respect will contribute to increased production of organic matter, to the stability of the agricultural system, its approach to its final goal and to the economically more effective utilization of the basic means of production--soil--and additional inputs.

MOSCOW PRESS ON STRUCTURE, ACHIEVEMENTS OF GDR COMBINE SYSTEM

Soviet Journalist's Account

Moscow SOTSIALISTICHESKAYA INDUSTRIYA in Russian 6 Feb 83 p 3

['GDR: On the Road to Intensification' feature article by V. Fedinin, special correspondent in Berlin: "Scientific Centers--Leading Subunits of the Combines--The Engineer's Responsibility: To Invent--In a Single Brigade There Are Both Scientists and Workers." For related information see translation of a Moscow IZVESTIYA article, published under the heading, "Soviet Journalist Assesses Operation of GDR Combine System," in JPRS 82687, 20 Jan 83, No 2359 of this series, pp 92-95]

[Text] The small town of Hermsdorf is located in the picturesque Thuringen area, not far from Jena. Here is the head enterprise of the republic's well known VEB Keramische Werke Combine. Among many production buildings which stretch out over a large area, one beautiful, tall building stands out on the side, bordered by a large green field. This is the scientific center of the combine, next to which is the testing area, under the open sky.

Here many technical ideas get their start, and alternate ways of handling them are worked out. In the scientific center, scientists, engineers, technicians, and innovators work side by side. Their task is to find ways of rationalizing production and raising its technical level.

"We are on the cutting edge of technical progress," says Hermann Starke, party organizer for the Central Committee of the German Socialist Unity Party at the combine, "we are producing a broad range of components and assemblies for micro-electronics, ceramic articles and metal-ceramic materials which are in great demand in many countries of the world. This obliges us to constantly bring our assortment of goods up to date, to keep track of the world market, and to improve the parameters of the items produced."

The decisive role in this belongs to the combine's scientific center. It is one of its most capable subunits. More than 700 workers of different specialties work here. Besides that, each of the 90 enterprises which belong to the combine has its own experimental sections and technological laboratories. Thus, more than 1,200 people (out of the 23,000 who work in the enterprises of the combine) are involved in developing and introducing new designs and materials, technological processes, and methods of organizing production.

The combine has a specific task: the technical parameters and consumer features of the product must be the equals of the best in the world. The combine's collective sees the key to accomplish this in the precise interaction among workers of the scientific-research departments and laboratories, technical services and manufacturers.

In the current five-year plan the combine plans to update three fourths of its assortment of products and improve their consumer features--to make sure that the new items, assemblies, and technological processes are more efficient and lead to less expensive production and economizing on raw materials, stock and manpower.

Special significance, from the point of view of raising the technical level of production, attaches to microelectronics and the production of robots. The republic has approved the state program of robot construction, which calls for producing and introducing 40,000-45,000 industrial robots during the five-year period. This makes possible a radical change in the technical and technological level of production as a whole. Programs for creating robots have been worked out at each enterprise. There is such a program at the VEB Keramische Werke Combine. Last year the collective manufactured 130 robots, and released more than 400 workers by using them. In 1983 the combine set this goal: to introduce 135 robots and save 4 million man-hours of work time.

Microprocessor systems are often called the catalysts of scientific-technical progress. And this is undoubtedly true. Using them makes it possible to automate production processes, free manpower, and cut down on the monotonous, physically difficult aspects of labor. No less important is the fact that this equipment works, as a rule, around the clock. The combine's engineers and scientists registered more than 150 patents in 1982 and have applied half of them at the combine.

"We have scientific centers operating at all the combines," observed State Secretary of the Ministry of Science and Technology Wolfgang (Leupold). "These are powerful subunits, sometimes numbering several thousand personnel. In the scientific center of the Karl Zeiss, Jena Combine, for example, more than 5,000 workers are employed. It is natural that these centers play a leading role in realizing plans for scientific-technical progress, adopting immediately the achievements of science and technology in industry, and cutting back expenditures of labor and material. The creation of such centers has had a positive effect on increasing the returns from science and technology, and advancing the endeavors of scientific cadres to resolve the more important tasks of the national economy.

Another important fact is that the personnel of the scientific centers are not only making their own contribution to the improvement of engineering and technology, but also are involving scientists who work in universities, VUZes, and academic institutes in this effort. The scientific center of the Karl Zeiss Jena Combine brought in departments from Jena University, from the Physical-Technical Institute and others, to fulfill a number of scientific themes on a contractual basis. At the VEB Keramische Werke Combine scientists from the mining academy and the engineering institute of Jena University are frequent guests. Not long ago a meeting of the combine's party aktiv took place

and was participated in by the president of the German Academy of Sciences and directors of the academic institutes which are collaborating with the combine. As a result of joint discussion of the problems, a program for future collaboration was worked out.

It is necessary to mention the role of scientific centers both as catalysts and as organizers of the creative activity of the entire collective. Creative collectives are forming and points of application of innovative thought are already taking shape at the stage of designing machines and instruments. The field of activity of these collectives is quite broad. Innovators are undertaking to resolve those questions which cannot always be handled by designers and technologists. In particular, at the VEB Keramische Werke Combine, 18 creative brigades have been created and are working successfully. Depending on the nature of the task, the brigades include designers, technologists, mechanics, metallurgists--at least half the brigade is made up of workers. The technical director of the enterprise oversees the activity of the brigades. He approves the contracts which clearly define the responsibilities of the administration and the creative collective. The former must provide the conditions for innovators' productive work, and give them rooms and materials. The latter guarantee results for a task by a precisely appointed time. If these conditions are observed, the brigade gets a bonus, the size of which depends on the effect obtained.

The active involvement of a broad mass of working people in technical creativity enables combines to develop a number of methods of rationalization, using their own resources, and to implement technological changes in the shortest time.

SED Functionary's Analysis

Moscow SOTSIALISTICHESKAYA INDUSTRIYA in Russian 6 Feb 83 p 3

['GDR: On the Road to Intensification' feature article by K. Kremke, deputy section chief, SED Central Committee: "What Does the Combine Offer?"]

[Text] Developing a network of existing combines and forming new ones is one of the most important directions in further improving the GDR's economy. There are now 133 combines in industry and construction, directed from the center. They produce over 90 percent of the total output of industrial goods.

The combines are directly subordinate to the ministries, they receive an obligatory government assignment and bear the full responsibility for carrying it out. The combines include 10-12 enterprises or more. The leadership of the combines works out and implements measures for increasing the productivity and effectiveness of labor; this includes thoroughly thought-out measures for developing the specialization and concentration of production at enterprises, and improving the transport connections. Besides production enterprises, the combines include scientific-research, design, and improving marketing organizations. The combines make it possible to create production links which encompass the entire cycle of production of particular products--from planning and development to producing and marketing.

In terms of organization they are oriented toward the end result of the production process. So in a certain sense, the activity of each combine is analogous to the production process of the national economy as a whole. The combine is invested with all rights, and independently organizes the activities of the entire complex. The most important direction in its work is the centralized adoption of innovations of scientific-technical progress in production, increasing the economic profitability of enterprises, and reacting flexibly to internal and external market changes. With leading specialists, scientists, and engineers at their disposal, the combines are producing the necessary technological changes.

The organizational principle on which the combines are constructed is as follows: the combine is headed by a general director who is subordinate to the minister. As a rule, he is also the director of the head plant, which bears the responsibility for putting out the product. The directors and leaders of all enterprises and departments of the combine are directly subordinate to the general director. The combine is often organizationally associated with subcontractor enterprises, on whose production the quality of the finished product depends to a significant degree.

The concentration of enormous material and financial resources in the combines, as well as the broad authority of their general directors, gives them the ability to make and implement important decisions in the interests of the national economy, independently, without delays, and on the basis of planned tasks. The general director strives above all to raise the activities of all the subunits to a higher level. He may, as manager of the funds, on his own authority, extend credit to an enterprise for a large sum for re-equipping or modernization, or change the profile of one enterprise or another in accordance with the needs of intensification and raising the effectiveness of production. He must create the conditions under which the productivity of labor grows faster than the commodity output and the capital-labor ratio of work places, and raw materials, stock, and energy are more economically spent. The method of comparative analysis of enterprises' performance against world-wide standards is getting more and more extensive use in economic endeavors.

GDR Minister's Comments

Moscow SOTSIALISTICHESKAYA INDUSTRIYA in Russian 6 Feb 83 p 3

['GDR: On the Road to Intensification' feature article by Rudi Georgi, member, SED Central Committee; GDR minister for construction of machine tools and processing machinery: "The Main Thing: Productivity"]

[Text] The production plan for this year calls for increasing the output of the sector by eight percent. This growth will be accomplished with less expenditure of raw materials and stock.

This can only be achieved by increasing labor productivity. This is the indispensable pre-condition for successfully carrying out the assigned tasks. The basic direction in increasing productivity today is the adoption of new techniques and technology in production. In this effort, we are devoting special attention to microelectronics and to the use of robots and manipulators

in enterprises. By 1985 we expect to bring the sector's output of highly productive mechanical helpers up to 10,000 units. Attaining this goal will make it possible to lighten labor conditions for tens of thousands of workers.

Besides that, it will make it possible to increase the degree of processing and refining the products undergo, which will lead to reduced weight of the articles produced and a better ratio of mass to productivity in the equipment, as well as having a positive effect on the introduction of low-waste, energy-conserving technology.

The machine tool manufacturing industry and machine building for the GDR's processing industry, in the technical concept of the 1980's, are pursuing the goal of providing consumers with equipment and machines which will promote effective use of raw materials and exploitation of secondary resources, as well as economical energy use.

The introduction of state limits on energy expenditure norms and sanctions for exceeding them are forcing combines and enterprises to work out and use progressive norms and observe the strictest economy. Our experience teaches that high indicators for economical energy use in production and all other spheres of social activity requires the conscious participation of working people, and initiative and responsibility from all citizens in achieving these tasks.

12255

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FIDELITY TO STATE INDUSTRY EXTOLLED

Budapest NEPSZAVA in Hungarian 9 Feb 83 p 3

[Article by Andras Bencsik: "Those Who Accept Fate"]

[Text] When a change becomes ripe, and having reached the proper level of ripeness it bursts, the phenomenon understandably becomes the focus of attention. When the first news came into daylight about the small enterprises, economic work associations, and their opportunities, and also since then, the attention has understandably turned towards the new form--even though there is no doubt that these phenomena were the conclusion of a long running process. They led that decade-long series of experiments into a new stage which was called to prepare the industry's rejuvenation.

One example is sufficient to show that not some new and unexpected thing is being discussed: during the last 4 years the number of people employed in industry decreased by about 180,000 but at the same time the volume of industrial production increased. Thus, this may in part mean that production efficiency has improved, but it also indicates that "not everything is in order" at the industrial plants, in some places the burden on those remaining behind has increased more than normal. For the most part it can be known where the departed (and proba ly still departing) manpower has gone; some of them have become "entrepreneurs", others were accepted back by the constantly growing and industrializing agriculture, or by the service branches. The way their fates are developing is in a small way also the way today's history is developing.

The Price of Fidelity

But it would be unfair to leave those out of the list who for some reason did not leave their employment, who even though they could have perhaps found better paying or easier jobs, remained faithful to the job they have gotten used to, or perhaps came to like.

Mostly the workers of large industrial enterprises and large plants can tell: nowadays faithfulness is not all milk and honey, in some cases staying put means self-denial, or accepting more than just a little additional work. That is, those who have left a plant do so--by the way, justifiably--, because they find that elsewhere they can make the same income as before with easier

work, or even if it is not easier, they can make much higher income than before. And even though 180,000 is a very big number (even if we figure it for 4 years), there is hardly any doubt that the number of those is many times this large who remained on their jobs, and also there can be no doubt: most of them are aware of the opportunities, and also have a sober mind to comprehend that their job knowledge and ability to work could also produce profits elsewhere, perhaps even more so. And yet, they stay.

There are those who are held back by tradition. Because the older generation, the example of fathers and grandfathers is still alive today, and has a lively effect, especially in the traditional workers' districts. A very large portion of the members of today's adult working generation is also linked to the factory by family ties; to The Factory, which for this very reason is more to them than the necessary place and way of earning money, more than that even when they clearly see that the given plant is perhaps struggling with serious problems. If they know that the work they are doing is obsolete today, they should now be working under significantly better and easier conditions, but the factory has no capital for a significant change of technology. At least it does not yet have it now, and it is possible that it will not even have it soon.

And yet they are staying, and those are also staying who are not held by tradition, who have entered the factory's gates for the first time 15-20 years ago, having come perhaps from the country, or just from another district; they stayed here, established a family, bought an apartment, of course near the factory. Because somehow this is also characteristic, it has also definable forms in the area of ties; not only the freshly raised residential districts built with enterprise assistance, but also the single family homes with their one and a half to two and a half bedrooms, saved from the worker's income, built with the help of fellow brigade members, added to and beautified, as they neatly and modestly line up in the capital city's outer districts.

The Machine Stops

In a plant of one of the large industrial enterprises with the greatest past and employing the most workers, where work was more difficult than usual and conditions were also worse than the average, I talked with workers about acceptance of fate.

They worded it more simply and directly:

"If I leave, the machine stops"--said one of them, "since even so we have to work overtime to keep production from stalling. Many people have left already, and those of us who stayed on often get sick because this work takes the strength out of a man."

That job has been abolished since then. With no small financial expenditure the enterprise eliminated heavy physical work in this area also. The workers who at one time were bathing in their own perspiration, are now operating machines; they, the seven of them (instead of 14) were capable of the same performance as the machine built with a 100 million /forint/ investment. True,

the brigade has paid the price. The oldest one of them has since retired. When we met, he wore no shoestring in his boot. "Not out of slovenliness"--he said.--"Only because I can no longer bend down; my back is shot."

The man, half a year short of 60, leaned against the wall, and pulling one foot behind him demonstrated the way he pulls the imaginary sock on his foot in the dressing room, leaning against the locker, if it comes to that, suffering and struggling with an operation which even a child of kindergarten age executes with ease. "Don't think for a moment"--he said at the time--"that all of us could not take sick leave at the same time!"

The answer to my question was obvious: "Then who is working?"

I would be lying if I said that they were enthusiastic about their work. The ties of attachment are made of many kinds of threads, defiance and hatred can also be found among them, because if someone lives with the machine and the work for a lifetime, he learns the taste of suffering and success a thousand times over. They were telling me the way one of their fellow workers retired, and said good-bye to the machine. "He came out here in front of the machine, looked it over one more time for himself, then he threw his cap on the ground: I won't set foot here again! And he has not."

Perhaps the example is not typical, because there are very many for whom the daily work does not mean such an effort, who come back even after retirement; they work as doormen or dressing room guards at the old place of work, not so much for the extra money to add to their retirement benefits, but rather so that they will not lose contact with what had become a part of their lives.

And yet, this kind of--at times self-consuming--acceptance of fate which without exaggeration could be called acceptance of sacrifice in more than one case--conceals an important morale, especially important and timely today. Because the comfortable and well furnished home is important, and it is a good thing if the family has money for a car, vacationing and also for the costlier expenditures, but the sense of a life can hardly be merely the income, one as high as can be obtained. There is a healthy ratio somewhere that determines how much of what is worth "obtaining" and at what price, and there is an unwritten order of values in which a very prominent place, even if not the very first one, is awarded to work, to participation voluntarily undertaken for the common good, in good and in the bad--even if the concept appears to be overused at times.

The Ones Who Stay Put

Finding this harmony is far from easy, especially not when--as nowadays--a number of industrial branches are struggling crises of worldwide proportions. When the first impulses are urging, mainly at a young age, that man should drift towards the incomes which are easier and quicker to obtain, since one has to live, one has to establish a family, and that requires a home, furniture, and other things. This is the way things should be, and the experience of recent months has enriched our general knowledge with a goodly number of encouraging examples. It also cannot be doubted that this new and fresh

spirit has at many places had an advantageous effect on the rigidified enterprises with "worn out backs", because not only man but also an enterprise can become disabled by monotonous work.

But this must not be left out of attention: the ratio, the healthy ratio always sets the standard, even if there is a period of time when this gets in some way shifted in some direction.

Today we are witnessing a large social experiment. Respect and appreciation to the experimentors for their braveness. But it must not be forgotten that the guarantee for their success is provided by those who remain put, and by the endurance, work, and if you like, the acceptance of fate of those who consistently accept their increased tasks which can hardly be called spectacular.

Even if this cannot always be expressed in terms of forints.

8584

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SHORTAGES OF SOME AGRICULTURAL EQUIPMENT TO CONTINUE

Budapest NEPSZABADSAG in Hungarian 6 Mar 83 p 3

[Text] The supply of agricultural machinery will be similar to that of last year according to the commercial director of the supply firm, Agrotek. Last year orders in the amount of 4.3 billion forints were placed with Hungary's socialist partners. The same is true this year; in both years contracts for shipment of equipment worth 3 billion forints were concluded during the first months of the year. Work on acquiring tractors and work machines required by the intensive grain program has been in progress for some time. Within this context and overall sum, farms are expecting to receive production equipment worth 1 billion forints.

Contracts for delivery of 1,700 MTZ-80, 600 MTZ-82 and 500 MTZ-50 tractors have been concluded with the Soviet Union, but Hungarian farmers would like to buy more of all three types. The Czech partners have agreed to ship 380 Zetor 60-11 and 260 Zetor 60-45 tractors, but this, too, is less than the original Hungarian order. This year's supply is improved by the arrival in early '83 of 260 Zetor tractors undelivered under the '82 contract. In the category of high-performance tractors, 200 T-150 K but only 70 T-100 M tractors will be delivered. The latter meets only one-quarter of purchaser demand. Selection will be improved by the early arrival of Romanian-made 35 and 45 hp tractors. Selection of combines will improve through acquisition of 20 GDR-made E-514 and 180 Polish Bison Record combines during the first half of 1983. Agrotek will also buy more of the popular E-512 combines but cannot fully satisfy demand. Class Dominators are also expected within the framework of the intensive grain program. Demand is now being coordinated with purchasing possibility. A total of 1,500 new combines are to be on hand at harvest time.

The supply of seed dressers and bailers will suffice, but tensions will be caused by the fact that the farms want to buy 600 E-281 silo combines and Agrotek can acquire only 200. The shortage will be somewhat alleviated through purchase of self-propelled SPS silagers from Czechoslovakia. These machines performed well last year. Purchase of KSZK-100 and SKPU-220 silo combines is also planned. Demand for Rau sugarbeet planters will be met. There will also be enough Soviet and Czech sugarbeet toppers.

There will be no shortage of soil fertility replenishing equipment, rotary hoes, cultivators, corn sowers, conveyor belts, spraying and animal husbandry equipment. Market research is continuing, and a wide variety of new equipment will be tested in the course of the year.

CSO: 2500/161

ARGUMENT ABOUT SUBSIDIES FOR UNPROFITABLE FARMS CONTINUES

Budapest FIGYELO in Hungarian 20 Jan 83 p 13

/"Counter-Incentive: the Worse the Better"/

/Text/ A recurrent question is whether we will be justified in the future to maintain special supports for unfavorably endowed farms. At the most recent meeting of the Agro-Economic Society of the Hungarian Agricultural Association in Miskloc, Dr Ferenc Szabo, department chief of plan management for the MEM /Ministry of Agriculture and Food Industry/ stated that within the foreseeable future it will not be possible to eliminate subsidies for unfavorably endowed farms. Over the long term it is conceivable that agricultural prices will cover the production costs incurred on the poorest lands still in cultivation, but this is only a theoretical possibility. Realistically, we must reckon with the fact that in the future, too, the price center will remain at the price level as developed with about average land quality. The direct consequence of this, however, is that large farms operating on land poorer than the average will require special evaluation and differentiated support.

The Scope of Subsidized Farms

Only about one-half of the 400 farms that operate at a loss or low revenues are unfavorably endowed farms. There are many who often object impatiently and disapprovingly that despite the supports which have lasted for many years the management of the unfavorably endowed farms has not improved and still requires differentiated supports.

Because of an exaggerated emphasis on budgetary limits and because of the foregoing attitude, regulation authorities have been constrained from time to time to deny supports to unfavorably endowed farms even though they had become relatively stronger. The result was that the temporary improvement was stalled, but the farms still returned to the circle of those that are being supported, or became steady clients of the rehabilitation committees.

The number of unfavorably endowed farms kept declining to 1981, but this did not mean a basic solution to the problems of those farming under difficult production conditions.

In determining the scope of the unfavorably endowed farms, it has been attempted now for 10 years to take into consideration primarily, and as it were exclusively, natural conditions--and this would be proper for the future as well.

Incentive for Production

In order to measure and compare the basic production conditions from the aspect of agricultural production, our only practical possibility at present is cadastral net income expressed in the gold crown value of given areas. (It is an excluded factor, however, if the per capita profit is over 10 forints--without differentiated supports).

But the registration system for showing cadastral net income is unable at a given point of time to determine the gold crown value of land in a way that it will be clearly possible to decide on the support by using that basis, excluding the possibility of subsequent appeal. This is not even to speak of the fact that the 10-forint limit provides the farms incentive to remain below this level for the sake of retaining the support. To put it a little more strongly, the farms may think in terms of "the worse the better."

Another important question regarding differentiated supports is the use of budgetary means for the support of large farms. The farms concerned receive their differentiated support in the form of price subsidies, development contributions, and production tax rebates. These supports are expenditures that are not recognized in the prices, and they seek to make up for a fair profit by providing incentive to production in every case.

At present, there are two kinds of price subsidies: the basic price subsidy and the special price subsidy. In practice, the basic price subsidy goes for all kinds of agricultural products and in 1982 made up two-thirds of all price subsidies. The special price subsidy which was increased in 1982, on the other hand, can be used only for the production of certain products and in certain districts and producer soils.

The ratio of the two kinds of price subsidies was about 50-50 in 1982. The question is whether it is worthwhile in the future to increase further the role of the special price subsidies and thereby vigorously and directly intervene in the production structure of unfavorably endowed farms. Can we realize a 15 to 20 percent production and, in part, efficiency surplus that scientific research makes likely with the better use of producer site endowments and the better placement of plant cultures?

If it is possible, we must obviously go in this direction. But how can central guidance determine where and in what districts, what kinds of products meet the endowments of the site?

Subsidized Sub-Branch

On most of the areas with unfavorable endowments the population dealing with agriculture never lived exclusively from agricultural activity. When in their

search for a way the large agricultural farms came on the possibilities latent in nonagricultural activities, central management quickly embraced and supported these efforts.

With the introduction of the production tax the auxiliary activity of the large farms won legal rights to a full degree and assured its importance and usefulness through tax receipts.

The introduction of the production tax was an important phase because with this it was possible to neutralize those objections with which they sought to hinder the development of the auxiliary activities of the farms by referring to their unequal withdrawals and unequal burdens, saying that for this reason they would certainly neglect their agricultural activity.

Fortunately, the facts did not justify these worries. Although the ratio of agricultural activity in production and in results is constantly increasing, agricultural production is expanding in a parallel way.

But we must consider how long a situation can be maintained in which the prosperity of the agricultural producer depends to an ever increasing degree on nonagricultural activity.

Another group of objectors also sees undesirable rivals in farms dealing with industry and services, and thus does not approve of auxiliary activity. The narrowing of economic and market possibilities raises more sharply nowadays the question of competition. It can be ascribed to this that attempts are being directed to limiting the industrial service activities of the agricultural producer cooperatives.

In 1983 they will examine the auxiliary activities of the farms to see whether they have created the same conditions as industrial plants conducting similar activity. It appears likely that the studies will show that the agricultural organizations are functioning efficiently and flexibly also in definite sub-branches of industrial and service activity, and that their activity meets actual social needs. This is so, although it is clear that several large agricultural farms are using methods in their auxiliary activity and giving evidence of attitudes which it would not be advisable to generalize in the sub-branch as a whole, and because of which it was not possible to defend against the passing of measures like, for example, the reduction of the production tax rebates for farms conducting auxiliary activity in Budapest and the environs.

If for the reasons given above the industrial service activities of the farms were made more difficult, or even in some cases impossible, this would affect primarily the unfavorably endowed farms. The forcing out of the service and fitting activities of the Borsod producer cooperatives from Budapest will cause difficulties for many, although these agricultural producer cooperatives must attempt to transfer their activity into their own megye.

In summarizing our thoughts on the development of auxiliary activity, it can be stated that its development will continue to be determining for the

successful management of the unfavorably endowed farms. On all large farms, auxiliary activity is by now an organic part of the economic structure, and in addition because it provides a bigger profit with less risk it is also important from the sociopolitical point of view. It makes regular employment possible for a part of the local population, contributes significantly to the infrastructural provisions of the village, and therewith to an improvement in the village population's living standards and to an improvement in the population maintenance activity of the settlement.

6691

CSO: 2500/133

HUNGARY

BRIEFS

RECORD BABOLNA CORN CROP--The IKR [Industrial Corn Production System] of Babolna closed the year with outstanding results. At the general assembly which was attended by Minister of Agriculture Jeno Vancsa, Babolna managing director Janos Toth reported that farms belonging to the system had exceeded planned average yields in all crops grown under the system with the exception of fodder crops. Corn yields were a record average of 7.86 tons per hectare--more than initially planned for the end of the Sixth 5-Year Plan. Nearly 200,000 tons of corn over the plan were harvested by the 245 IKR member farms from a total of 530,000 hectares. Results were attributed to use of new technologies, better utilization of production capacity and a concurrent reduction of costs. Jeno Vancsa called for higher yields in all sectors of agriculture and reported that during the coming weeks Hungarian factories would be making chemical fertilizer for Hungarian agriculture exclusively. [Text] [Budapest MAGYAR HIRLAP in Hungarian 24 Feb 83 p 5]

CSO: 2500/145

LONG-RANGE DEVELOPMENT OF BUILDING MATERIALS PRODUCTION OUTLINED

Warsaw INWESTYCJE I BUDOWNICTWO in Polish No 9-10, Sep-Oct 82 pp 28-30

[Article by: W.S.]

[Text] One of the major factors impeding construction development, and housing and farm-building construction in particular, is the insufficient production of construction materials, especially finishing materials and products. The Ministry of Construction and Construction Materials Industry, implementing government decisions aimed at the radical improvement of the deplorable construction situation and acting to reduce materials- and energy-intensiveness and to raise the insulation rating in housing construction,* has prepared a program of the production development of basic construction materials from 1982 through 1990, which encompasses both ministerial and "nonministerial" plants.

As the point of departure for preparing the program, the construction ministry has adopted the projected volume of building-installation work (both investment and repair projects) in the national economy from 1981 through 1990. This volume was specified by the RM [Council of Ministers] Planning Commission at the end of March 1982 (in the amount of 2.069 trillion zlotys from 1981 through 1985 and 2.437 trillion zlotys from 1986 through 1990). The program was likewise prepared on the basis of a forecast of the scale of housing construction from 1982 through 1990 done by MAGTIOS [Ministry of Administration, Local Economy and Environmental Protection] in April 1982 (300,000 dwellings in 1985 and 400,000 through 1990).

The primary elements of the developmental program of basic construction materials production are:

- the current production capacities of plants producing the particular kinds of construction materials (according to the situation on 1 January 1982),
- the production capacities of plants in 1985 and 1990 resulting from their current production potential, taking into account projected changes in the level of utilization (for example, as a result of the attainment of full production capacity, the improvement of production processes, the perfecting of the technical utilization of machinery and equipment and discontinuing the importation of some raw materials from KK [Capitalist Countries]).

*See INWESTYCJE I BUDOWNICTWO, Nos 7-8, 1982: a report entitled "Some Current Construction Problems."

- the requirement for particular kinds of materials in 1985 and 1990.
- projected materials surpluses or shortages in 1985 and 1990 if modernization-investments projects are not implemented.
- outlays for modernization and investments for the 1982-1985 and 1986-1990 periods (in 1978 prices) that are indispensable for attaining the increases in production that will enable us to balance materials needs with production capacities.
- the end result (a definitive shortage or surplus, eventual materials stability) of the implementation of planned modernization and investment ventures.

Modernization-renovation investments play a major role in the planned increase in materials production. In order to carry out the desirable changes, economically speaking, in the production structure of construction materials (for example, with regard to binding and insulation materials), it will be necessary for us to build several new production plants. The program has taken into account forecasts that project the production development of basic construction materials from local raw materials submitted by voivodship offices.

A synthesis of the current state of production, the projected level of the meeting of materials needs and indispensable undertaking ensuring the production development of basic construction materials and the results of these undertakings follows.

Binding Materials

At present, this materials group is dominated overwhelmingly by the production of energy-intensive cement, to the detriment of other less energy-intensive binding materials, i.e., lime and gypsum. This is a consequence of the preference given in recent years to reinforced-concrete large-panel construction and other cement-intensive construction technologies. The annual production capacity of the domestic cement industry is 22.8 million tons. It is envisaged that a reduction in the scale of construction will bring down the cement requirement for the 1983-1985 period to 15-17 million tons per year, reaching 22.5 million tons in 1990. This requirement should not be difficult to meet, and we may even be able to increase our cement exports. A temporary decline in the cement requirement enables us to modernize and restructure the cement industry by substituting coal for mazut (20 percent of production) and by exchanging "wet" technology (65 percent of production) for "dry." As a result of the reduction in the per-unit consumption of heat, the productivity of heating units will increase, enabling us to take out of service 36 worn-out and inefficient technological lines without reducing industrial production capacities. Investment outlays to implement the preceding ventures are estimated at 13 billion zlotys.

Building and industrial lime production plants utilize a production potential of 4.8 million tons per year. The heating units and technological equipment are largely obsolete, unproductive and labor-intensive to service. The projected shortage of lime in 1985 will be 500,000 tons, while in 1990 it will be 1 million tons. In order to maintain our current potential, we will have to open a raw materials base in a number of plants. It will also

be necessary to increase the production capacity of the Tarnow Opolski plant, to expand the Gorazdze and Rudniki plants and to step up local production. The combined investment outlays are estimated at approximately 5 billion zlotys. Changes in the assortment structure of lime production project an increase in hydrated and ground lime.

The production of gypsum for building takes place in one enterprise--DOLINA NIDY in Gacki near Pinczow (300,000 tons per year). According to changes envisaged in the structure of binding material consumption, for example, a reduction in the energy-intensiveness of production, a shortage of gypsum binding material is projected for 1985 amounting to 250,000 tons, while the anticipated shortage in 1990 is 400,000 tons. The modernization of roasting kilns in DOLINA NIDY, to be completed in 1983, and the construction of a new plant in Stawiany are to ensure the production increase of gypsum. The indispensable investments outlays are estimated at 2.15 billion zlotys.

Building Aggregates

The production potential of plants that utilize processed aggregates amounts to 45 million tons. The need for unprocessed aggregates will be filled in full by deliveries from the key industry and local production. Since mining deposits are becoming depleted, modernization-renovation investments will be needed to cover the resultant anticipated shortages in deliveries of processed aggregates (2 million tons in 1985 and 11 million tons in 1990). Projected investment outlays for this purpose from 1982 through 1990 amount to 9.04 billion zlotys. It should be pointed out that a new standard for building aggregates, that will be in effect beginning in 1983, is considerably stiffer than present quality requirements.

Small-size Wall Elements

For more than a decade, there has been a preference for the development of large-size wall elements made of concrete. As a result, the production of small-size wall and ceiling elements has been checked severely. This has affected ceramic products in particular, whose current production volume does not even reach 1960 levels. The production potential of plants that manufacture ceramic and lime-sand wall materials amounts to 4.290 billion j.c. [ceramic units]; meanwhile, the production potential with regard to building ceramics products is technologically worn-out and obsolete. A considerable increase in the requirement for ceramic and lime-sand wall materials is expected in conjunction with the envisaged significant increase in individual construction--both housing and farm-building construction--and also due to the increased share of framing techniques in multifamily housing construction. The projected shortages of these materials (800 million j.c. in 1985 and 1.6 billion j.c. in 1990) necessitate the modernization of approximately 50 plants, the completion of construction of 3 plants and the building of 12 new plants, as well as the intensification of local production. In order to balance production capacities with needs, [passage omitted] 12.2 billion zlotys are indispensable.

The present production capacity of plants that manufacture wall elements made of cellular concrete is 4.6 million cubic meters. This represents less than 70 percent of their potential. The industry suffers from a shortage of aluminum powder deliveries from the metallurgical industry. The need for these elements will increase significantly, since they are widely used in private housing construction. The projected shortages (1 million cubic meters in 1985 and 1.9 cubic meters in 1990) will be eliminated by modernization-renovation investments and by the construction of 7 new plants for a combined cost of 4.1 billion zlotys from 1982 to 1990. Changes are envisaged in the present assortment structure of cellular concrete, which involve increasing the share of lightweight varieties having higher thermal insulation ratings from 20 percent in 1982 to 75 percent in 1990.

The production capacity of plants that manufacture wall elements from gypsum (Pro Monta panels, "honeycomb" panels and large-size panels) is 2.7 million square meters. Given the significant increase in the requirement for these types of elements, which is related to reduced materials-intensiveness in construction, a relatively large shortage of these elements is projected: in 1985--3.5 million square meters and in 1990--6 million square meters. Due to a shortage of gypsum, we will not be able to eliminate shortages of these elements entirely until after 1985. Investment outlays for investments related to stepping up processing in construction facilities are estimated at 800 million zlotys up to 1990.

Thermal Insulation Materials

The significant reduction of energy-intensiveness in construction is contingent upon improving the thermal insulation of building dividing walls. This is related to a significant increase in thermal insulation materials deliveries for the construction industry.

The present potential of plants producing rock wool is 100,000 tons. Given the significantly growing requirement and the meagre potential for stepping up production in existing plants, the shortage of rock wool in 1985 is projected at 170,000 tons, while the shortage for 1990 will be 370,000 tons. A partial reduction in the shortage will be achieved by modernizing three plants, completing construction of plants in Malkinia and Zielona Gora and by building another six plants. Combined investment outlays are estimated at 5.52 billion zlotys. In order to eliminate the shortage of rock wool, which will still be in effect in 1990, deliveries of substitute materials will have to increase (concrete-chip mix, fiber panels, styrofoam).

Covering materials used in our construction industry are: building (tar) paper (70 percent), asbestos-cement panels (26 percent) and ceramic and cement roofing-tile, sheet metal and the like. The production capacities of plants that manufacture tar paper amount to 185 million square meters, and those that manufacture asbestos-cement panels have a total production capacity of 55 million square meters. The existing potential for increasing tar paper production will enable us to cover the requirement for this type of material in 1985. On the other hand, there will be a shortage of asbestos-cement panels (in 1985--20 million square meters and in 1990--30 million square meters).

It will not be possible for us to liquidate these shortages since we must import higher-quality asbestos from capitalist countries. Thus, we must develop the production of roofing-tile.

The current potential of plants producing ceramic and cement roofing-tile is 35 million units. As a result of the general shortage of covering materials, the roofing-tile shortage in 1990 is set at 265 million units. Thus, the production of roofing-tile, especially cement roofing-tile, will be expanded. The construction of approximately 18 production plants is projected, for a total cost of 900 million zlotys. It is assumed that they will be set up in existing, unused facilities (out-of-service brickyards, some house-construction factories and the like). This will allow us to reach a production surplus in 1990 to cover the shortage of asbestos-cement panels.

Land Development Materials

Plants producing concrete and reinforced-concrete pipe have a production potential of 380,000 cubic meters of concrete pipe and 320,000 cubic meters of reinforced-concrete pipe. Projected combined shortages of these pipes (in 1985--20,000 cubic meters and in 1990--100,000 cubic meters) will be covered by the full utilization of the production capacities of existing plants and by the installation of assemblies for producing pipes, which will be purchased in the GDR. Investment outlays for this purpose will total 280 million zlotys.

The situation will be more difficult with regard to the production of asbestos-cement pipes. Due to the impossibility of substituting in full other deliveries for our imported long-fiber asbestos purchased from capitalist countries, we will make use of only one-third of our current production potential of plants manufacturing these pipes, which amounts to 30,000 tons. This means continuing shortages of asbestos-cement pipe through the present decade (in 1985--25,000 tons and in 1990--30,000 tons). Efforts are underway to make eventual use of substitute solutions in the production of these pipes.

Construction Woodwork

The production capacity of plants manufacturing door-window woodwork totals 13 million square meters. While no difficulties are anticipated in meeting the 1985 requirement, the projected shortage in 1990 of 3 million square meters will be eliminated by stepping up production in building and carpentry facilities and by resuming construction of the construction woodwork plant in Tuchola. The indispensable investment outlays amount to 1 billion zlotys. In order to raise the quality and the technical-utilization ratings (increasing the durability and insulation capabilities of windows), by 1985 we will have shifted over entirely into the production of reinforced windows; moreover, in 1983, we will go into production of reinforced triple-pane windows.

With regard to framing woodwork production, it is projected that the total requirement for the decade will be met by the present production capacity of 750,000 square meters of usable floor space (single-family dwellings, pre-schools, pavilions and the like). The only changes will be assortment

changes consisting of a significant increase in the production of single-family dwellings that make use of new construction-materials solutions adapted to the raw materials potential of the given region.

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Let us recapitulate by saying that the implementation of the modernization-renovation and investment ventures proposed by the Ministry of Construction and the Construction Materials Industry will enable us to balance in full our material needs and production potential in the vast majority of groups of the basic construction materials by the year 1990, and in some cases by 1985.

And so by 1990 there will be an equalization of supply and demand for such materials as: cement (there should be enough for us to export some as well), building and industrial lime, gipsum binding material, processed aggregates, tar paper, concrete pipes and reinforced-concrete pipes, door-window woodwork and framing woodwork. In 1985, there will still be temporary shortages of lime (350,000 tons), gipsum (120,000 tons), cellular concrete (0.87 million cubic meters) and gipsum wall elements (2.5 million square meters). We will not be able to balance out needs with production either in 1985 or in 1990 for three groups of materials: rock wool (with shortages of 90,000 tons and 100,000 tons respectively for the 2 years), asbestos-cement panels (20,000 tons and 30,000 tons) and asbestos-cement pipes (25,000 tons and 30,000 tons), since production volume for these groups is contingent upon raw materials imported from capitalist countries. At the same time, the shortage of asbestos-cement panels will be covered by a production surplus of cement roofing-tile. Substitute solutions are being attempted with regard to the other shortages.

Ministerial scientific and research facilities will have an important share in ventures related to the development of the production of basic building materials. These facilities have been assigned detailed tasks within their scientific-research efforts related to the current needs of the construction materials industry, including the improvement of existing technologies and the development of new ones, the streamlining of production processes and the like.

A basic condition for attaining the indispensable production development of construction materials is--as has already been indicated--the guaranteeing of funds for modernization and investments. In conjunction with this, the Ministry of Finance and the NBP [Polish National Bank] are to prepare a system of tax and credit reductions to create suitable conditions enabling enterprises to undertake the modernization and investment ventures that are indispensable for increasing production. Investment plans not included in the preceding ventures are to be encompassed by the plan of central investments.

As I have noted, the production development program for basic construction materials likewise projects an increase in materials produced from local raw materials. Regulations in this area issued by government organs in 1981

and 1982 concerning reductions and financial preferences given to those who go into local production create favorable circumstances for reactivating this area and ensuring its permanent development. Programs for stepping up such production from 1981 through 1990 prepared by voivodship offices envisage its quite significant growth rate, as follows: building aggregates--38 percent, wall elements--56 percent, covering materials--196 percent, chipboard-cement panels--87 percent and building lime--75 percent.

The successful implementation of the construction program and of housing construction in particular is largely contingent upon the guarantee of deliveries of materials and products produced by the plants of other manufacturing ministries. These ministries include the Ministry of Metallurgy and the Machine Industry, the Ministry of the Chemical and Light Industries and the Ministry of Forestry and the Timber Industry. There should be no real problem to increase production capacities for the groups of materials and products manufactured by these ministries, since the existing production potential is sufficient in the opinion of the construction ministry, given the planned volume of construction during the current decade. However, it is indispensable that deliveries be properly directed (at the expense of export) and that the raw materials needed for production be ensured (partly by importing them). Thus, there should be no difficulties on this account in the acquisition of rolled products, plumbing materials and products, electrical power cables, floor finishes, floor glues, paints and varnishes, coniferous lumber and wooden flooring by the construction industry. It is expected that the interested ministries will prepare programs in the near future outlining ventures ensuring the deliveries of the indispensable materials and products to implement the construction program from 1983 through 1990.

8536

CSO: 2600/369

MINISTER DISCUSSES AGRICULTURAL SITUATION

General Evaluation

Warsaw ZYCIE GOSPODARCZE in Polish No 1, 2 Jan 83 pp 6, 7

[Article and interview with Jerzy Wojtecki, minister of agriculture and food economy, by Marcin Makowiecki: "A Difficult Year Ahead in the Fields and on the Farms"; date and place not specified]

[Text] Inclement tidings keep coming in from the agricultural enterprises--drought, fodder shortages, decline in livestock and cattle herds--in brief, a deterioration of the production and economic situation. In this article we present the overall picture and ponder the possible remedies.

In some areas, farmers wonder how to feed livestock, particularly cattle, till the spring. The drought has indeed affected almost the entire nation. Its consequences are particularly badly felt by the farmers in the western and southeastern parts of the country, where the precipitation has been cut by half of a normal year.

In some villages, wells are running dry, and everywhere the shortage of water during the growing season has affected yields, interfering with the physiological processes of crop development, shortening the growth and ripening periods.

Estimates of the field crops in 1982 are unfavorable and augur a difficult period for the farmers. With the exception of grains and fruits, all areas under cultivation are smaller than in 1981: rape by 12 percent, potatoes by 23 percent, root fodder by 23 percent, grain fodder by 24 percent and vegetables by 20 percent. The sugar beet harvest has not been evaluated yet, but it is known that it will come close to average figures--that is, is quite favorable--and the output of sugar has surpassed the last year's level.

A comforting fact is an increase in grain crops, which is evaluated at 21.2 million tons. As is well known, however, this is insufficient for meeting our fodder and consumer needs. Imports are therefore necessary, which are planned for the economic 1982/83 year to attain on the order of 4 million tons--that is, substantially less than in preceding years.

The overall field crop harvest evaluated in grain units was some 8 percent below the 1981 level.

It follows from the evaluation of the situation in agricultural production that the decline of crop harvests will have negative effects on the production capacities of agriculture (particularly because of smaller fodder reserves), and immediately on the level of monetary revenues (particularly because of reduced sales of industrial crops and livestock products). There will therefore be a deterioration of the financial situation of farmers, which should be taken into consideration in policymaking that affects their income levels in 1983.

The situation of agricultural enterprises in respect to fodder reserves has already been determined. The fodder reserves for cattle are smaller than in 1981 by some 15 percent (i.e., by 3.5 billion grain units), and the quantity of potatoes for animal feed by 25 percent (5.7 million tons). Despite the higher harvests of grain, less of it will be available for animal feed. It is foreseen that the increase of purchases (if the plans are fulfilled) will be greater than the harvest increase. Supplies of fodder mixes estimated to attain 4.4 million tons will not offset this shortage.

The dependency of the production of concentrated fodder on imports of protein components and grain that is necessary for balancing the shortages, has resulted in temporary disruptions in its sale to suppliers of grain. Besides, with this system (when fodder is provided for supply of grain), part of the farmers do not realize their rations while others receive too little. This gives rise to the secondary market when the farmers concede to others their rationing authorizations, etc. Everything indicates that, as soon as the possibility arises (when there will be a sufficient reserve of fodder grains in warehouses), it will be reasonable and necessary to return to the old policy of selling fodder to contractual suppliers of livestock products.

The inventory of livestock in December, as well as market and production statistics, indicated a sharp decline in hog breeding. The herd was smaller than in the previous year by 2.2 percent, with the number of sows falling by 13.2 percent, and that of piglets by 15.7 percent. In addition, based on the unfavorable indicators of gilt breeding, piglet prices, and a great number of sows supplied to the market, it can be assumed that this tendency will further worsen, with no improvement of the situation expected before the second half of the year.

The total cattle herd was also lower (by 1.1 percent compared to December 1981) in spite of a growth tendency registered back in July. Disconcerting developments included the increase in procurement of cows and calves, as well as the doubled number of calves being slaughtered. The decline trend continue during the winter months.

While noting the effect of the fodder situation (which is indeed bad, but not disastrous, since the quality of fodder is better and there are great variations between regions), other factors of the herd decline should not be

omitted. The most important of these is the situation in rural markets. This includes not only supplies of the means of production but also consumer goods. We are all familiar with the current situation. The market is empty. This is a most powerful factor undercutting motivations for livestock breeding, since so little can be bought with the money earned! The situation in livestock breeding and agriculture as a whole should therefore be assessed not only in production categories but in the context of the entire economic situation.

The results of the herd decrease are felt not only by the farmers who receive less money for livestock sales but also by the market. The prospects for slaughter livestock supplies, especially as regards animal farming products, look gloomy today. Preliminary procurement forecasts suggest that the farmers will provide 20 percent less of slaughter hogs and 10 percent less slaughter cattle compared with 1982. One has to look forward also, unless the fodder situation changes, to further drops in meat poultry production, which even now is just one-third of its 1981 level. Whatever the efforts, the conditions will not allow to restore the farm output of eggs (fodder shortage!) up to the 1981 level, although certain hopes are pinned on the production on individual plots, benefitting from assistance measures.

The prospects for milk procurement are difficult to evaluate. Although there is less bulk fodder, this shortage is not ubiquitous. The number of cows is decreasing, but this includes a certain proportion of rejected lower quality animals. Altogether this suggests that a growth of milk procurement is unlikely. It seems rather that efforts will have to be made to stabilize the amounts at the current level, but we can hardly expect an improvement of market supplies of milk and dairy products.

The decreases in procurement lead to lower monetary revenues for the farmers. The amount of staple animal products originating from private farms (slaughter cattle, hogs, calves, sheep, poultry, milk, eggs and wool) measured as a share of total procurement value is expected to drop by some 6.5 percent (370.6 billion zlotys in 1982, and projected 356 billion zlotys in 1983).

This is obviously a difficult situation, both for agricultural production and for food markets. One must raise the straightforward question: Will there be enough meat to cover the rationing, and sufficient quantities of other products to meet the basic necessities? One is thus faced with the dilemma: Are we to lower the rations or to take steps to stem the excessive decrease of the livestock herd and animal production? I believe that we have only one choice. Cutting short the current downtrend is a matter of utmost importance. It is true that the opportunities are limited, but they do exist.

Some decisions have already been made to this effect; others are still pending, but should be expedited since time is not on our side. This refers to such activities as increased fodder aid to the worst affected regions, to producers of livestock farm products, procuring contracts for supply of shoats and porkers, and for milk and egg supplies. This would involve primarily allocating means for planned imports of grain and fodder, which is a most

difficult thing to do in view of the nation's current credit situation. How much could be provided by our own economy?

It would be incorrect to blame all current difficulties in agriculture on drought. Certainly, the consequences of unfavorable weather conditions are serious. They resulted not only in reduced crop harvests, but also interfered with the work in the fields during the fall. Plows and plowshares were breaking in hardened soil, and labor and equipment requirements increased manifold.

Winter and fall crops were sown particularly late; only two-thirds of the planned amounts of rape was shown. This will affect the spring field work, as more spring crops will have to be sown. Given favorable conditions and adequate supplies, some of these shortcomings could be compensated for.

The consequences of shortages in supplies of industrial products, however, will be felt for a longer time, in spite of the efforts undertaken by the industry, which deserve recognition. In the fall (data up to 15 December 1982), less fertilizer has been sold than a year before (77 percent). Partly this was due to shortages of required product items, but partly to inadequate distribution. Supplies of fertilizer lime are insufficient. Insecticide requirements, however, have been met to a slightly better degree. The shortage of spare parts for machines and tractors continued, and a large proportion of available plant and machinery was out of service and stood idly in the workshops. No improvement was observed in supply of building materials.

It is true that there are permanent difficulties of our agriculture, but now they have become much more acute. Agriculture, like other economic sectors, is deeply affected by the consequences of the crisis. According to estimates of the Animal Farming Bank, although there was an increase in the nominal worth of outlays (due to price rises!) spent in 1982 on purchases of goods and commodities for current production (by 80 percent), in physical terms, however, they experienced a decline (by some 20 percent). There was a decrease in the purchase of concentrated fodder, livestock, chicks, and fertilizer, and in amounts spent on repair and services. One of the factors responsible for the rise in farmers' incomes, as is frequently the case, was the failure to spend means allocated on the purchase of producer goods for current operation (an amount of some 60 billion zlotys), crucial for the productivity of the coming year. The money has remained in the pockets, but this is of little comfort. Rather, it is like when some raw materials are not supplied to a factory. Production would still go on, but in a handicapped way.

The situation is similar with outlays on capital investments. Spending has increased during the year, but solely because of higher prices. In actual fact, measured in kind, these investments (mainly in construction) have decreased by some 10 percent compared with 1981.

From the preliminary estimates of the bank, there emerges a picture of the economic situation of private farmers giving little cause for optimism.

Compared with 1981, their situation has deteriorated. While total monetary revenues, according to the estimates, have increased by 50 percent, spending rose by 54 percent (and this due to higher prices and not larger purchases). It is also estimated that 70 percent of the monetary income increase comes from higher prices, and only 30 percent is due to increased output, including the selling of the basic reproduction herd.

Due to these proportions of income and expenditures, the monetary revenues of the farmers to be spent on consumption and productive investment will increase in 1982, according to the preliminary estimates of the bank, by 40 percent (in 1981 by 63 percent), which is smaller than the increase in the total payout of the wages, funds and compensations in the collective farming (by 44 percent). In addition to this, in 1982 the index of living costs for individuals living on private farms has doubled, which means that the real income will be much lower than the level attained in 1981.

The financial situation in the countryside is thus not favorable if one looks at it in terms of income. The proceeds from sales of the basic stock and savings from outlays on means of production give little cause for joy because of shortages. A prosperous agriculture is one which invests rather than decreases its production capital, and intensifies productivity by channeling sufficient means into development of current production. Conditions for intensification are not ensured now--not because of money shortages but because of lack of commodities on the rural markets.

What is to be expected in the coming year? The tendency to tax the farming incomes by the treasury may induce results that would be contrary to their intended purpose--namely, stagnation of production, especially in view of the expected decline of proceeds from procurement sales because of decreased output. The only and best thing to do towards saving the agricultural market would be to improve as much as possible the supply of means of production and consumer goods to the countryside. Since this process has already begun (it concerns particularly the output of machinery, insecticides, and some other items included in current operative programs), one may ask: How much more can the national economy provide under the current conditions?

Four Questions to Minister Wojtecki

The crisis in agriculture begins later but continues longer. What are the plans for counteracting the consequences of the crisis? What conclusions can be drawn from an evaluation of the current situation in agriculture? We have asked the minister of agriculture and livestock breeding, Jerzy Wojtecki, to discuss this subject.

[Question] Mr. Minister, from the evaluation of the agricultural situation, the prospects for supply on livestock markets look rather unfavorable. What actions will be undertaken to correct the market results of the decreased agricultural production?

Answer The decreased output of many agricultural products is unfortunately already a fact, from which we must draw the practical conclusions and make the unavoidable decisions they suggest. To begin with, I want to assure that these actions will guarantee supply of stable livestock farm products to the market. An improvement, however, cannot be expected. We will not be able to achieve this in the coming year.

We will ensure sufficient supply of flour and flour products and sugar to cover the rationing quotas. Reserves of vegetables and fruit, including frozen produce, have been stocked up. There will be no shortages of potatoes, whose reserves are also at a sufficient level. However, the potato-based industry, which has not sufficient amounts of raw materials, will be in a much worse situation. This means that there will be shortages of potato products on the market, and poor supply of materials to industries utilizing starch, treacle and syrup.

Also, the harvest of rape has been lower. Decisions were made earlier to provide for imports of soybeans, vegetable oil and lard, in order to secure adequate supplies of fats to the market. Despite the current declines in milk procurement, supplies of the most important product--drinking milk and milk for children--will be ensured. The production of hard cheeses, however, will be reduced. It will be necessary to increase butter imports to cover ration-card allotments.

The circumstances are thus forcing us to undertake major efforts towards strengthening labor discipline in production, and at the same time require understanding by the public of the need for certain self-restraint and limitations. Unfortunately, the food market will not be plentiful, and the existing rationing system will have to be maintained to ensure an equitable distribution of products.

The greatest difficulties are experienced in the procurement and supply of meat. Currently we have certain reserves which supplement procurement. However, the productions which you have cited are correct. According to estimates of the Ministry of Agriculture, there will be a decrease in the hog herd by 3-3.5 million head and of the cattle herd by 3,000 head, with the procurement of slaughter cattle during the year decreasing by 300,000 tons. Some experts predict an even worse decline. We, however, proceed from our projections, although maybe they are too optimistic.

Under such circumstances, we have made the decision to avoid a reduction of the current rations. We would like to partly restore the production of broilers by importing an additional 200,000 tons of chickenfeed. We will export a certain amount (100,000 tons) of beef in order to buy, instead, larger amounts of less expensive meat products such as poultry. We are also conducting negotiations that will enable us to put into operation feeder processes at unused farms of collective enterprises--we will use meat as payment for fodder supplies, but a part of it will remain in the country.

All these actions, unless hampered by some unexpected difficulty, will enable us to maintain market supplies at the level sufficient for covering the

market demands as determined by state control, that is, at a higher level than what could be achieved by exclusive reliance on domestic procurements.

[Question] These are ad hoc solutions for saving the current market situation. What, however, has already been done, and what is being planned for a permanent prevention of production difficulties in agriculture?

[Answer] I have repeatedly spoken about the conditions created by the government to ensure steady prospects of development for farm enterprises in all sectors. My views are well known, and I still adhere to them. I believe that overcoming the crisis in the entire economy is primarily predicated on surmounting the crisis in agriculture. In general, there can be no efficiently operating economy without a strong, highly productive agriculture.

As to the production situation this year, we will primarily return to the principle linking the supply of fodder with the output of livestock breeding industries. Decisions have been made already which authorize purchases of fodder and concentrates by breeders of reproductive and bloodstock gilts, the farmers delivering shoats and piglets under multiyear contracts and suppliers of porkers, milk and eggs.

This is thus a return to the standard procedures practiced for many years. The exchange of fodder for grain, which we had to introduce this year, was merely a necessity caused by a total lack of fodder reserves. We simply had no fodder to give to slaughter livestock suppliers.

The system of exchange for seed grain materials has been modified, and subsidies for seed grains have been restored. In the spring, a farmer will be able to receive for 130 kg of consumer grains 100 kg of seed grains. The price differential, which is 350 zlotys, will be paid by the state.

Starting 1 January, new procedures for government contracting in the livestock industry will come into effect. In addition to higher prices, which are already binding for products delivered under contract, adequate supplies of fodder and coal will be guaranteed. The contracts will include provisions for supply on a subscription basis of technical means of production such as tractors, machinery, etc.

We are assured by the industry that in the coming year we will have a better supply of the means of agricultural technology. There will be more insecticides. I believe that the market situation will therefore become a little better. Trade agencies have been obligated to organize equitable distribution of consumer goods in proportion to population numbers. Until now, cities were privileged. Farmers will be given guaranteed credits for farm modernization and building of new objects, including housing construction. Decisions have been made allocating larger amounts to land reclamation and supply of water to villages, which after years of decline, will be the principal investment areas.

Hopefully, the new statute on retirement pensions and creation of a social village fund, as well as the allocation of larger sums to health services for rural populations (construction of new health centers), and improvement of social conditions will provide added motivation to farmers that will affect production in a positive manner. As regards the state farms, the task will be to meet their requirements in connection with the implementation of the economic reform, taking into consideration the specifics of these enterprises which have achieved good production and financial results in this year. This confirms that the reform, which began to be implemented from 1 July 1981, is producing positive effects.

[Question] What changes are being planned in the policies that affect the farmers' income? Will there be an increase of taxes and other liabilities, the prices for means of production and procurement prices?

[Answer] The principles adopted in April 1981 concerning the profitability of agricultural production and introduction of the so-called progressive prices remain binding. They provide for maintaining a balance of production costs and procurement prices of agricultural products. I must say, however, that quite frequently the farmers' statements that production is unprofitable are prejudiced.

This depends on thrift and skills; in short, on quality of work. If there are some for whom it is profitable, why isn't it so for others? There are great reserves in agriculture. The task is now to mobilize them, and not only through increasing prices. Since generally the price movement in 1983 in the entire national economy is not expected to be large, we should not expect any large increases of agricultural procurement prices. We will have to think, however, about the internal ratios of prices and eventually to make decisions in order to improve, starting from 1 July 1983, the profitability of grain production, as well as changing price ratios, grain/livestock and grain/potatoes.

I continued to support my previous position that we should maintain a similar income level for private and collective farmers and workers in other sectors of the national economy. I am talking about similar incomes, since every year in agriculture there are major fluctuations due to various factors. In 1981, farmers' incomes grew because procurement prices were raised to give a boost to production, while production costs did not grow to the same degree. As a result, the income parity indicator moved considerably in favor of the farmers.

Income parity investigations, which is well known, based on estimates, provide certain orientations as to the income levels of different population groups. They cannot, however, be used for current decisionmaking concerning fiscal policies. It should also be recalled that in 1981 the indicator was favorable for the farmers; in 1982 the situation underwent a drastic change because of a decline of production, and the resulting changes in sales and growth of material production costs, although opinions on this matter differ. As far as the real incomes are concerned, farmers, like

everybody else, bear the heavy burden of the consequences of the crisis. We must therefore exercise extreme caution in evaluating the incomes of the rural population before undertaking organizational decisions affecting farmers' incomes.

A number of publications and speakers have suggested, without any ground, the necessity of introducing a substantial increase of taxation, particularly income taxes. I want to strongly deny these rumors. In fact, a reform of the tax system is overdue, as it has not been modified for 20 years. The issue of income tax, however, is extremely problematic, for we seek primarily to increase production rather than establish limits beyond which it would be unprofitable to produce because of increased taxation. Taxes should work as an incentive to intensify production. The tax laws should also take into consideration the regional variations of conditions.

No final concept of these changes has been developed yet. We don't even have a complete draft proposal of the new tax system. It is therefore unlikely that it could be introduced starting 1 July. Even if it were to be introduced, that would be preceded by consultations with farmers' unions and organizations.

Whatever the possible future corrections of agricultural prices or financial obligations imposed on the farmers, we will always aim at maintaining the principle of equitable income parity between farmers and employees of collective enterprises.

Question Do you believe that in this year better opportunities for improved balances on the agricultural market may be created than in previous years?

Answer They must be better. This is why I believe that we have a chance to prevent a crisis in agriculture. We must be aware, however, that the situation is grave (I am not talking about the farmers, but about their counterparts), and the consequences may jeopardize the entire economy. Awareness of these dangers calls for making important current decisions, primarily consistent reorientations in the economy towards meeting the needs of agriculture.

Agriculture is counting on complete fulfillment by industry of obligations concerning the supply of necessities to the agricultural market. Agriculture also expects that the entire society will understand that farmers, along with other sectors of the population, are bearing the brunt of responsibility for coming out of the crisis. I believe that it is unacceptable that certain circles disseminate antagonism for the farmers, blaming them for their too-high incomes. When a farmer or a state farm employee comes to a store to buy, for instance, a pair of boots (using his ration card), he frequently has to face resentment and hear that he is buying out goods which belong to the city people. People seem to forget that the farmer needs those rubber boots to be able to work. The time is long since past when peasants walked around barefoot.

I am mentioning this apparently trifling incident to recall that when there is a lack of normal human feeling of justice, then at least concern for one's own interest should evoke respect for the farmer's work. For prosperous villages mean better supplies for city stores. We will not be able to overcome economic difficulties if we fail, as a first priority, to provide for farmers good conditions of growth.

Readers' Questions Answered

Lodz GLOS ROBOTNICZY in Polish 11 Jan 83 p 4

[Interview with Jerzy Wojtecki, minister of agriculture and food economy, by (K.P.): "The Minister of Agriculture and Food Economy, Jerzy Wojtecki, Answers Letters and Questions of GLOS ROBOTNICZY Readers"; date and place not specified]

[Text] We are receiving from readers of GLOS ROBOTNICZY, not necessarily from those living in rural areas, a great number of letters, where they describe their problems and frequently pose concrete questions, asking for an authoritative response. Many questions are concerned particularly with the current situation and future prospects in food production. We have forwarded all the questions contained in our readers' letters to Minister Jerzy Wojtecki, and now publish his answers in the form of an interview.

[Question] From many statements (letters to the editor) one gets the impression that, as time passes and more problems appear on the market, the gap between urban and rural populations is growing deeper. Town dwellers tend to lay a large portion of the blame for food shortages on farmers (mentioning such factors as a sufficiently good harvest, low grain procurement quotas, black market sales of meat from private slaughtering, buying out in the cities of all industrial consumer goods "whichever appear in stores," a peculiar housing construction boom—the building of cottages, etc., etc.); farmers, on the other hand, point out the failures to meet their needs, the differences in the level of services, health protection, educational facilities, etc. All these views briefly come down to the following: The workers are the most hard-hit by the crisis, while the farmers are enriching themselves from the crisis. What is your view, comrade Minister, on the subject?

[Answer] The view that the workers and urban residents bear the consequences of the crisis, current among certain groups, stems from deeply-rooted historical premises, socioeconomic conditions and, frequently, emotional evaluations flowing from the prevailing feelings, largely due to the difficult economic situation in the country.

If we have problems in promulgating and achieving a general acceptance of the principles of agricultural policy set forth in the directives of the Political Bureau of the Central Committee of the PZPR and the National Committee of the ZSL of January 1981, these problems are encountered among those who still hold the view placing the farmer's profession at a lower rank, as it

was historically, along with the notions of villages' economic backwardness, self-sufficiency and a secondary position of agriculture in the national economy.

Due to the demographic changes which took place in the postwar period among certain groups of the generation which migrated from the countryside to urban and industrial areas, the principal motivations of these migrations were higher wages and better conditions of work compared to those that prevailed in agriculture. Other motivations included generally better living conditions, cultural facilities, public services, housing, etc.

Some of these people, as well as a certain proportion of the original residents of the cities and industrial centers, still consider migration from a village to a town as a social and material advancement and approach with reservation all initiatives involving improvement of living conditions in villages, a rise of the professional status of farmers, or recognition of agriculture as a major and basic sector of the national economy. In this context, the growing incomes of those employed in agriculture lead to proliferation of certain myths.

What are the actual facts in regard to the alleged enrichment of farmers? During the 1970's, drastic inequities of income, compared with the figures calculated per one employee occupied in the collective enterprises, were observed in agriculture, this indicator varying from 70 to 75 percent to the disadvantage of the farmers. In 1979 the comparative index of rural incomes versus city incomes attained some 89 percent, in 1980 approximately 87 percent and, in 1981, attained its highest value and stabilized at a level of approximately 102-104 percent.

The achievement of such favorable results in 1981 was due to considerable raises in the procurement prices of agricultural goods, accompanied by the freezing in 1981 of retail prices for the means of production sold to farmers. The reform of procurement prices introduced early in 1982 and a raise of the retail prices for the means of production will result in a substantial lowering of the farmers' income parity index for 1982. It is expected that in 1983, mainly through the projected decline of livestock production, a further decrease of the parity index will occur, with the income of the farmers falling below the 90 percent level compared to incomes in other sectors of the national economy.

It thus follows from these estimates that the incomes of the rural population generally are below those observed in other sectors. The view that the farmers enrich themselves from the crisis is thus unfounded.

On average, this income dynamics is observed equally in agriculture and in other sectors. This does not mean that throughout the nation overall incomes do not vary, in many cases deviating from the mean value of considerable amounts. The theory of the enrichment of farmers probably comes from observations of the highest incomes obtained by some of the most productive, specialized farms, frequently located near the cities, and thus more conspicuous, but really not representative for drawing generalized conclusions.

As to other subjects mentioned in the question, one should speak of meat profiteering, building of houses and large purchases of industrial consumer goods. Numerous observations and inspections have shown that profiteering in the black market of agricultural products is largely done by professional traders who are not involved in agricultural production, and who indeed derive nice incomes from this occupation.

The housing construction observed in rural areas, however, should be considered a positive development, increasing the national wealth, the number of housing units, which the farmers would be unable to obtain otherwise.

The fact that industrial consumer goods, particularly for household use, are bought in cities, follows from the poor supply of these goods to villages, and insufficient development of the rural trade network.

It is a sad fact that, when buying some consumer goods, farmers spend money which was intended for agricultural machinery and other articles and materials indispensable for agriculture, but which they are unable to buy for reasons for which they are not responsible.

Aside from the income situation in the village, one should mention the still existing disproportions in regard to living and working conditions between the villages and cities. This concerns a lower housing standard, absence of water, gas, and sewage systems, difficulties with medical and public services, poor networks of movie theatres, cultural centers, etc. Besides, there are no standard working hours. Farm work has to be done on weekends and holidays regardless of inclement weather.

All these factors should be taken into consideration when evaluating the general situation in agriculture.

On the other hand, one should also consider that the situation with food production is not in the best of shape in our country. We have to produce more food, which is an indispensable condition for overcoming the crisis.

To accomplish this task, it will be necessary to undertake all-around measures aimed at improving living and working conditions in villages.

[Question] Much is being currently said about the "green lights" for farmers, satisfying their needs for machines and tools and a gradual improvement in that area. (See statements by the deputy minister of machine industry during a television report on his meeting with farmers in Bydgoszcz Province.) At the same time, villagers do not feel these changes. There is still a shortage of basic tools. The quality is very low while the prices are high...

[Answer] In recent years, the output of agricultural machines, like other branches of industry, was affected by the consequences of the crisis. Production of tractors and farm machines has not, however, decreased. Just the opposite; equipment supplies have sustained a systematic growth, despite the difficult economic situation in the country. In 1983, farmers will receive, as compared to 1982, 5,000 more tractors, 16,000 more hay tedder-stackers,

8,000 more lime and fertilizer distributors, etc. Supply of some machines, such as spike-tooth harrows, grain harvesters, beet harvesters and clam loaders, will be brought close to meeting the farmers' needs. There will also be substantial improvement in the supply of so-called blacksmith tools.

Today, unfortunately, there is a shortage of basic tools. Farmers have to look for them all around the nation, and waste time they should have been spending producing more food.

The same is true of plowshares. It is true that, because of the drought, the use of shares this year has increased, but this is no excuse for the industry. Reserves of this basic instrument should be large enough to meet the demand, even in an untypical year like this one.

Due to limited capacities for import of materials and parts necessary for production, substitute materials have been used in many machines, or deviations from the specified technologies were practiced. Sometimes this resulted in worse operational quality of the machine, such as with the Z-005 sheaf-binder. Currently the better supply of materials of required quality in industry and its more stringent control, as well as the instructions specifying responsibility for suppliers of lower-quality products, must soon bring desired results for improving the situation. However, a complete meeting of farmers' needs for technical means of production unfortunately will not come for several years.

[Question] There are signals that at livestock purchasing stations, not all animals are accepted; that there are binding limits restricting the procurement. A town dweller (concerned about the supply of meat to stores) cannot understand this, but these limits are also criticized by farmers.

[Answer] The producers who supply livestock under contract for slaughter have agreed to supply a certain number of heads for a certain time period. Compliance with the time terms of supply is arranged in such a way that delivery of livestock would be distributed uniformly among the days (droves) of the month. The purpose of this uniform distribution of supplies is to coordinate it with the slaughter capacity of the meat industry. This allows it to avoid maintaining livestock at collection bases, thus saving fodder that would have to be given to the livestock maintained, and to reduce losses due to loss of weight and possible animal death. The benefits of regularly-timed delivery not only ensure an efficient management of slaughter livestock, but also ensure correct procedures of livestock purchasing, which is essential for producers as well. In certain justified cases, there is a possibility of delivering the animals with a drove directly preceding or following the date indicated in the contract, while the farmer still retains the right to preferential procurement price and contract agreement.

Therefore, critical comments by readers in this area are frequently unjustified, and presumably stem from unclear understanding of the essence of the matter.

Question Are there any chances for the possible rapid restoration of the output of broilers? What is the current situation in this area?

Answer Production of broilers was based completely on imported fodders, and following the introduction of restrictions by the U.S. government concerning the purchase of grain and fodder, it experienced a considerable decline. Maintaining this production on the basis of domestic fodder is impossible at the previous level. For this reason, it will not be possible in the next two years to restore the complete production capacity. In view of the importance of this item in the program of food supplies, the farming administration plans, as far as financial means will allow, to restore this production at least partially, and in 1983 produce 80,000 tons of poultry, and starting in 1984, approximately 200,000 tons annually--that is, some 50 percent of the 1980 level.

Question In the letters, one finds fears in relation to the proposed changes in the system of taxation of farmers. There are different views circulating on this subject, including the opinion that the new principles may lead to a decline of production, particularly as regards the high-productivity farms.

Answer Currently, there are different forms of taxation covering private farms. Most important among these liabilities is the basic tax whose importance as a regulator of incomes of the rural population is relatively diminishing. The basic principles of this tax were laid down in 1962, and were not changed since then. The growth of nominal income of farm producers in monetary terms in the period since then resulted not only in a decreased function of this tax as an income regulator, but also made it impossible to use it as a tool for influencing production processes in agriculture, including capital investment. When the tax is relatively small as related to one hectare of farm land, the application of tax advantages, such as, for instance, capital investment credit, has little practical importance. This makes it necessary to change the taxation system.

At this point, it is premature to judge what the structure of this tax will be, or what will be the tax level, as discussions on the principles of the tax are still under way at the Ministry of Agriculture and Food Economy, as well as in the Ministry of Finance. We believe that the new taxation system must function as a stimulant to farm producers to a greater extent than thus far. We also proceed from the premise that an increased tax should be coordinated, both in time and size, with changes in other instruments of economic policy. Tax activities cannot be conducted without analysis of production costs, other financial obligations of farmers and primarily evaluation of the income status of rural population as compared to incomes of other population groups. An excessive taxation is not recommended, because it would greatly raise the agricultural production costs and eventually necessitate relatively higher procurement prices and, in turn, result in higher food prices.

The new tax system will be based on uniform principles of taxation for all sectors of agriculture, in accordance with the principles of the current agricultural policy.

At the same time, it will give certain advantages to farmers tilling poor lands, as well as in piedmont and mountain areas, and will provide tax preferences and credits that would promote production, as well as modernization and diversification of farming.

Before introducing the tax proposal into practice, it will be discussed with farmers, trade unions, and representatives of all specialized associations of private and collective farmers.

[Question] Letters from farmers contain a great number of critical comments, which concern particularly price policies, existing relations in this area, the method used to establish and promulgate prices, etc. (grain-potatoes-livestock-means of production). What is the view of the farming administration on this subject?

[Answer] We receive many letters from farmers (and not only farmers) concerning the prices of farm products. We subject them to a detailed analysis and try to draw conclusions essential for our work. These signals are valuable, particularly as regards the relative levels of procurement prices. Regrettably, proposals contained in these letters frequently are too subjective. Generally, this would not be surprising, because these are views based on one's own selective or main production area.

The existing mosaic of farms and their diverse structures of production, even within individual sectors, makes it necessary to establish prices on the basis of an analysis of national average costs. For obvious reasons, prices must be established in a way to stimulate production growth in all farms without exception, on each piece of land. We therefore seek to make procurement prices perform their two basic functions—namely, to ensure an adequate level of farmers' incomes and at the same time stimulate the growth of agricultural production. Attaining these goals is currently difficult, as for a long time there have been shortages on rural markets of a large number of commodities, including those necessary for agricultural production, and consumer goods such as working clothes and footwear. Under such circumstances, the stimulating function of prices is diminished, so that as a result, among groups less familiar with the situation the opinion arises that the rural population has excessive incomes.

The desired level of farmers' incomes and their relationship to those of other groups of the population (parity), is attained through overall levels of procurement prices, as well as through correct proportions of procurement prices to prices for means of production. Preliminary assessments suggest that the new agricultural prices introduced February 1982 have been established appropriately, and meet the requirement of ensuring income parity. The relationship between procurement prices and prices for means of production and services to farmers should also be recognized as appropriate. In February these proportions were modified to the advantage of the means of production, which is a factor favoring their effective utilization.

Since, for a majority of industrial means of production supplied to farmers, contract prices are binding, this could have resulted, during 1982, in a

changed relationship between procurement prices and prices for means of production, as established at the beginning of the year. The matter has already been analyzed in detail and the effects of the increased costs of agricultural production will be covered by an increase in procurement prices. In this way, the principle of continuous monitoring and evaluation of production costs will be maintained consistently.

Influence on the development of individual lines of agricultural production is exercised through establishment of proper domestic prices for procurement of agricultural products. In the current situation, the organs of state administration have established the prices for the majority of staple products for which so-called government prices are binding, which in particular concerns grain, turnips, sugar beets, tobacco, hogs, slaughter cattle and milk, as well as meat, chicken and wool. For the remaining agricultural products, including fruits and vegetables, so-called contract prices are applied, which practically ties the prices to current supply and demand.

A part of product sales by farmers occurs for free market prices. The amount of products sold on the free market concerns internal circulation among farmers, and its scope depends largely on the possibilities of fodder supplies from state reserves.

Establishing adequate domestic relations in the area of agricultural products is only possible as far as government prices are concerned—that is, in regard to basic staple products. These proportions should be established for a more or less long time to enable producers to make long-term production decisions. This involves, on the other hand, the need for taking into consideration the changing production conditions, market situation, needs of the processing industries, etc.

Thus far the current situation has been playing an excessive role in forming price relationships—that is, in establishing prices for agricultural products. This was, of course, necessary; however, with stabilization of the economic situation and a return to balanced markets, this method of establishing prices will be limited.

For the longer term, we foresee also enlarging the list of agricultural products for which contract prices will be established. In the current situation, however, there is a need for introducing government prices for potatoes. This was caused on the one hand, by problems in potato supplies, and on the other by fluctuations in the proportions between potato prices and prices for other products, particularly grain and slaughter hogs.

The answer to the question, at what time one should expect changes in the procurement prices of agricultural products, could be given after the end of 1982 and following an evaluation of the year's results. We need to know how the basic economic parameters are formed, particularly the product costs, the level and parity of incomes, the financial liabilities of farmers, etc.

In doing so, we will observe the principle that has already been declared-- that procurement prices will not change more frequently than once a year, and that the time for their introduction will be set at the beginning of the economic year in agriculture--that is, on 1 July. The tradition of consulting about price proposals with the representative of farm producers concerned will be maintained. Decisions on prices will be promulgated with a time lead, to enable farmers to make appropriate production decisions.

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LONG-RANGE EAST-WEST INSTITUTIONAL MONETARY TIES ASSESSED

Warsaw GOSPODARKA PLANOWA in Polish No 10-11, Oct-Nov 82 pp 443-449

[Article by Pawel Bozyk and Jozef Misala: "East-West Institutional-Monetary Ties in the 1980's"]

[Text] The distinct deterioration of the political climate between the East and the West in the 1970's and 1980's, as well as a number of economic factors (e.g., the weakening economic growth rate in both groups of countries, the high indebtedness of most of the European socialist countries, protectionist tendencies in Western countries) will doubtless have the effect of slowing down the development of material ties between countries of different socioeconomic and political systems.¹ Regardless of the measures taken which directly favor the development of these types of ties (change in the structure of commodities in trade exchange, development of ties in the areas of production, science, engineering and services) further improvement in institutional and commodity-monetary East-West ties is indispensable. It is particularly important that the influence of the socialist countries on the establishment of these ties be increased; in the development of East-West economic relations thus far, institutional and commodity-monetary ties were for the most part shaped by the capitalist countries--as the derivative of settlements existing within those countries. This can be changed principally through development of an international economic policy by the socialist countries towards countries of the West.

Directions for Improvement of the International Economic Policy of the Socialist Countries

By international economic policy of the socialist countries we mean the coordinated shaping, by these countries, of the external factors of socioeconomic development.²

¹ P. Bozyk and J. Misala, "Possibilities of Development of East-West Material Ties in the 1980's," *SPRAWY MIĘDZYNARODOWE*, 1980, No 3.

² P. Bozyk, "Foreign and International Economic Policy of Socialist Countries", in: "International Economic Relations", part I. Higher School of Social Sciences at C PZPR, Postgraduate Foreign Service School, Warsaw, 1981, p 84.

The expression of international economic policy of socialist countries in relations with the West should be the development of institutional and commodity-monetary ties which provide equal benefits to both sides. The ties should be such that by preventing discrimination they would facilitate the flow of goods and services and production factors based on differences in production-factor resources and their productivity.

The international economic policy of the socialist countries should be an expression of the coordination of their foreign economic policy. It may, therefore, take the form of an exchange of information, coordination, or standardization of foreign economic policy. Exchange of information on the subject of foreign economic policy assists in adapting the goals, means and instruments of this policy within the countries involved. Foreign economic policy is still being conducted autonomously; the particular countries are not restricted by any international obligations which would affect the establishment of goals, means and instruments of foreign economic policy. Coordination of foreign economic policy narrows the scope of the autonomous establishment of goals, means and instruments of foreign economic policy. The expression of this are international understandings reconciling foreign economic policy within the countries involved. Joint foreign economic policy means the acceptance, by the countries involved, of identical goals, means and instruments of this policy. In this case, foreign policy agrees with international policy. The scope of the international economic policy of the socialist countries may be varied; that is, it can encompass a part of it or all of it. In the first case, a selected element of foreign economic policy is coordinated, and in the second case, all of its elements are coordinated.

The goal of the international economic policy of socialist countries towards countries of the West should be the establishment of conditions conducive to the growth of benefits from cooperation with these countries. Thus far, the countries of the West are treating the socialist countries selectively, due to which some socialist countries are deriving greater benefits, others--lesser benefits. The expression of an international economic policy of socialist countries towards countries of the West should be coordination of measures that are undertaken. Of primary importance is the coordination of the development of material ties in the form of flow of goods and services and production factors; the international economic policy of socialist countries should strive to develop long-range material ties, reflecting the present and future, and not the historical complementarity of economic structures.

East-West Institutional Ties

Further development of East-West economic relations requires a similar improvement in interstate economic agreements (trade agreements, production agreements, scientific-engineering agreements), agreements and understandings entered into on the economic-organizations' level, and also the implications of the activities of socialist countries in international organizations.

It is essential to adapt the character of interstate agreements to the new requirements of East-West economic relations. Studies have shown that for states, as organs of authority, agreements of this type have only a promotional character in

the development of economic relations between the East and the West. Therefore, interstate agreements can be regarded as being only a special type of production obligations of a general nature.³

The general nature of interstate agreements means that the states can commit themselves concretely only in matters which fall within their internal purview -- organs of authority--that sphere of turnovers within which they themselves can make decisions with no necessity for commitments to be established between enterprises. However, we should not assume that in East-West relations there will be any real possibility of establishing commitments of a concrete nature in interstate agreements. The differences between the economic systems of capitalist and socialist states make it difficult, and maybe even impossible, to formulate rights and obligations on the basis of reciprocity. Experience shows, therefore, that a great deal of significance cannot be attached to interstate agreements on economic cooperation, insofar as their direct influence on the development of East-West relations is concerned. These agreements can, however, to an increasingly greater degree, form the guidelines for the functioning of Mixed Commissions. Thus the importance of long-range agreements of a comprehensive nature, entered into by a number of East and West states, should increase.

Agreements between economic organizations will form the basic type of institutional settlements between East and West in the 1980's. It appears advisable, therefore, that agreements of this type should go beyond the nonrecurring sales or purchase of goods transaction. There should be a striving, particularly, to raise the standing of international coproduction agreements. But there can be no discussion on development of a single, best model of an agreement on industrial coproduction, because no such model agreement exists. Nevertheless, a group of characteristics about a coproduction agreement, which determine its qualities, can be isolated. All attempts aimed at regulating all of the rights and obligations ensuing from coproduction agreements, according to a single model which would be common to all agreements, are for nought; because in practice, a situation cannot be created in which a general legal regulation would be characteristic for every coproduction agreement. That is because there are no obligations which could unequivocally be included in coproduction obligations. That is also why the conditions which could cause an agreement to be transformed, by its economic content, into a coproduction agreement, should be known in all possible detail, and also that a set of clauses should be available which would, from the legal standpoint, reflect these peculiarities. By employing such clauses, model regulations can be developed for use in concluding and implementing agreements on industrial coproduction.

The most important legal guarantee of the correct organization of agreements on economic cooperation between enterprises is undoubtedly the system of balancing the benefits which both sides derive from the agreements. It is important, therefore, that particular care be taken in preparing coproduction understandings.

³ K. Michalowska-Gorywoda, "Legal-Institutional Relations Between the East and the West." Final report of subject group eight, subject R.III.11 "East-West Economic Relations," coordinated by the Institute for Economic Development, Main Statistical Planning and Statistics, in Warsaw, during 1976-1980.

The fact that agreements on industrial coproduction between economic organizations are in effect over a long period means that the different forms of insurance against risk in these agreements must be regulated. Economic practice still has a long way to go, insofar as establishing pertinent legal mechanisms and solutions, adapted to the specificities of international industrial coproduction, is concerned. The lack, in many capitalist states, of a legally sanctioned concept of coproduction agreements, greatly complicates the establishment of their own system of insurances against the risks that threaten the agreements on economic cooperation between enterprises. The rule, applied in practice, that permits cancellation of an agreement when extraordinary circumstances occur, does not solve the problem. On the contrary, it has a negative impact on the development of international coproduction. We should strive, therefore, to find a legal mechanism which would protect the cooperating parties against risks, and at the same time, would allow for continuity of cooperation between contracting parties. This can only be achieved if clauses are included in the contract which will ensure that mutual benefits, disrupted as a result of the occurrence of extraordinary circumstances, will be equalized.

We should strive, in the 1980's, for a growth in the importance of leasing, which is one form of financing investment purchases by an enterprise, an alternative to such forms as purchases from one's own funds, or on credit. But leasing should not be regarded as a method that is better than the other methods of financing investments. We should also say that the current system of financing by enterprises in socialist countries does not make it possible to correctly use a financial leasing agreement in East-West relations.

In the 1980's we should not anticipate a large growth in the importance of joint ventures, also called capital-investment cooperation. This is mainly due to the fact that the large majority of capital-investment companies established in capitalist countries with a share of capital-investment from socialist countries does not form a plane for economic cooperation between enterprises from different countries. The establishment of such capital-investment companies is aimed primarily at promoting export from socialist countries, and the participation itself of local partners is in most cases nominal. That is why companies with capital-investment from socialist countries should be regarded only as important centers of economic propaganda, promoting the entering-into of coproduction agreements between enterprises of the East and West. Essential changes in pertinent regulations would be required if this form of ties were to be rapidly developed. The regulations now in effect in the socialist countries are not sufficient for capital-investment cooperation in these countries to play a larger role.

Cooperation on the forum of international organizations can become an important institutional instrument in East-West relations in the 1980's. But the participation of socialist countries in the shaping of international economic relations, based on the structure of the United Nations, must be increased. The socialist countries should continue to support the reconstruction of international economic relations as proposed by the developing countries. We are referring primarily to the introduction of an integrated raw-materials program, taking into account the interests of the raw-materials exporting countries, to which the socialist countries, in the majority, belong. A number of other elements of contemporary international economic relations, from the standpoint of increasing the participation of the socialist countries in the world economy, must be changed.

in the 1980's, measures aimed at enlarging the role of the socialist countries. In the framework of UNCTAD, IEC and other international organizations, this is warranted. CEMA capabilities should also be utilized in developing East-West relations. This may pertain principally to coordination of the trade policy of CEMA countries in relation to EEC countries. The technical and working contacts of the CEMA countries with EEC and its organs thus far are not a full substitute for direct legal-institutional bases of economic cooperation. Although the development of future agreements between CEMA and EEC appears to be indispensable, nevertheless they cannot restrict themselves only to the conclusion of agreements between the applicable organs of both integrational groupings. This is particularly important because the acceleration of an official CEMA-EEC dialogue is mainly in the interest of the CEMA-member countries.

East-West Commodity-Monetary Ties

If East-West economic relations are to be developed further, improvements must especially be made in commodity-monetary ties. In first place should be an enlargement of the range of influence of socialist countries on commodity-monetary ties with the West. Thus far the objects of joint interest are only foreign-exchange prices and the currency in which these prices are expressed. The main portion of the foreign-exchange prices in trade between socialist countries and capitalist countries are established on the basis of world prices, i.e., the amounts which are the result of the demand-supply ratio in the world economy, going far beyond the range of East-West relations. The socialist countries have an effect on world prices in respect to a small number of commodities which are the object of international trade. The socialist countries have a larger influence on foreign-exchange prices in relation to commodities which do not have world prices. These, for the most part, include machine parts and equipment and industrial products. This mainly concerns those products which are export specialties of the socialist countries. Foreign-exchange prices in the relations of socialist countries with capitalist countries are expressed in convertible currencies, i.e., in the currencies of the nonsocialist countries. The currency system of the socialist countries has no effect on the currency system of the countries of the West, therefore, and does not affect the clearing of accounts with capitalist countries.

To change this situation, the commodity-monetary instruments will have to be assigned active functions in the socialist countries, and, shortly thereafter, in East-West relations. First of all, the currency-exchange rates should fulfill a price-fixing and deciding function, and the currencies of the socialist countries should fulfill the function of a measure of value, means of circulation, payment means, and means of accumulating reserves. There should also be a closer connection between prices in socialist countries and world prices, and correction instruments should be introduced which will act as a stabilizer of the effects of the world market on the domestic economy.⁴ The economic reforms being conducted in the socialist countries serve to differentiate the functions of commodity-monetary

⁴ A. Makac, "Influence of Economic Policy of Socialist and Capitalist Countries on East-West Relations," final report of subject group six, Institute for Economic Development, Main School of Planning and Statistics, Warsaw, 1980.

instruments, and not to make them similar. Hence also, the difficulties in developing an international economic policy of socialist countries towards capitalist countries are not diminishing but are growing. In the 1980's, therefore, we should expect that commodity-monetary instruments will be activated in some socialist countries.

The foreign economic policy of the United States in the 1980's will be strictly subordinated to the main goals of foreign policy. In relation to the socialist countries, this will probably continue to be a selective policy, and as shown by the experience of 1981-1982, a highly discriminatory policy.

In the 1980's, American trade policy as pertains to export will be shaped to a considerable degree by the Law on the Administration of Export, passed in 1979. This law, despite certain provisions which would suggest an easing of controls on export of technology and investment equipment, permits the president of the United States--if he deems it to be necessary "in view of national security" or "purposes of foreign policy"--to ban or restrict the export of all goods to socialist countries. This action was recently taken in relation to Poland and the Soviet Union. The socialist countries will also have to continue to make a commitment protecting the American side against re-export. The above law will make it possible for the United States to continue to treat the socialist countries selectively.

American policy as regards import will be determined in the 1980's by the 1979 Law on Trade Agreements. It retains all of the previously applied measures restricting import. Therefore, the most restrictive instruments will continue to be employed in relation to the socialist countries; for example, the anti-dumping and anti-subsidy procedures, the market-disruption procedure, and the so-called trigger prices. Exporters from the socialist countries should remember, therefore, that "safe" on the American market, is a lower than 10 percent share of their export (a share above 10 percent threatens institution of anti-dumping proceedings, while a share of over 50 percent threatens anti-dumping proceedings [as published]). Also, a growth rate of export to the American market exceeding 10-15 percent annually, can result in market-disruption proceedings.

In the 1980's we should expect that the developing countries will pass from a stage of individual actions to a stage of multilateral actions in the field of foreign economic policy. These actions by the developing states will have a bearing on changes in East-West economic relations, and consequently, they must have an effect on the economic policy of socialist states towards the West. What is most important is the passing of the socialist countries to a collective stage (for example, within the framework of CEMA, negotiating tariff reductions with capitalist countries for their industrial export). This is because collective negotiation is more effective than negotiation conducted by individual countries. Otherwise, export of light industrial products, for example, from socialist countries will meet with increasingly stronger competition on the markets of capitalist countries from duty-free, in large measure, import of light industry products from developing countries. It seems advisable, therefore, for the socialist states to continue to develop production cooperation with the West. This would increase the competitiveness of the products of those countries on the markets of the capitalist countries. At the same time, the socialist countries should strive to increase the share of machine engineering industry products in their export to capitalist countries. This stems not only from the fact that this export is profitable, but also because a large portion of it is outside the area of competition with goods coming from developing countries.

East-west currency-credit relations demand particular improvement.⁵ A large part of the settlement of accounts of socialist countries with capitalist countries is done in free foreign-exchange; the rest is of a clearing nature. The larger share of clearing settlements take place in relations with developed countries. The highly developed capitalist countries conduct an active policy towards socialist countries (i.e., they grant them medium- and long-term credits), while the socialist countries as a rule conduct a passive credit policy towards these countries (i.e., they draw credits).

The prospects of development of credit-currency East-West relations appear to be uncertain. The main cause of this is the strained political situation. The 1970's, for many socialist countries, will be a period of debt-elimination. This will require an increased understanding by the creditors of the debtors' needs, including a growth of export from socialist countries to capitalist countries, and granting, by the capitalist banks, further credits to service the debt and ensure the indispensable import for socialist countries. There will probably be a further growth in mutual economic interdependence between socialist debtors and capitalist creditors.

In the 1980's, it will be necessary for the western banks to further open up so-called lines of credit for banks from socialist countries. This is a special form of long-term bank credits. We should expect, however, that the western states and banks will treat debtors from socialist countries selectively. The socialist countries which have a larger balance of payments deficit will have to pay higher interest rates and will encounter greater problems in obtaining new credits. This will be a particularly difficult problem for them, for as practice has shown, high external indebtedness may be an obstacle to economic development if the debt structure and its structure are not properly correlated with an increase in the export capabilities of the economy and an appropriate increase in foreign-currency income in convertible currency.⁶

A factor conducive to the emergence of the socialist countries out of their isolation consists in their joining the International Monetary Fund. At the same time, there is considerable fear in these countries that their participation in the International Monetary Fund would increase the already large influence of the countries of the capitalist countries on the economies of the socialist countries. This is apparent in the currency risks and partially in the transfer risks from the banks of the socialist countries (Commercial banks, International Bank for Economic Cooperation, and the International Investment bank). Fluctuations in the purchasing power of the currencies in which the credits were drawn, and also all the long-range tendencies for these currencies to depreciate or appreciate, have a bearing on the real value of the credits drawn and the costs of their repayment. The exchange-rates risks occurring in the present currency fluctuations in the West are a permanent phenomenon. They appear not only in the clearing of accounts,

⁵ E. Chyżyński, "Currency-Credit Relations Between East and West," Final report of subject group seven, subject R.III.1, Institute for Economic Development, and School of Planning and Statistics, Warsaw, 1980.

⁶ Ibid.

but also in credit and settlement transactions. In East-West credit relations, changes in the functioning of the international currency system are indirectly reflected in the structure of the credits drawn by socialist countries in convertible currencies, and in the terms of their repayment.

Should an economic and currency union in EEC be implemented, third countries (including socialist countries) would have more stable financial terms of trade exchange with EEC countries (if they were to use the currency of EEC countries as reserve and transactional currencies). A possible common EEC currency could also be applied in clearing accounts of EEC countries with socialist countries. A larger number of transactional currencies would reduce the amount of the currency risk in East-West economic relations.

If East-West material ties are to be further developed, financial relations between both groups of countries must be improved. First of all, the range of cooperation of the central banks of the East and West would have to be expanded, making wider use of the International Settlements Bank in Basel and the international monetary conferences. At the same time, the network of socialist representatives and banks in the West would have to be expanded, and mixed banks with capital-investment from socialist and capitalist countries would have to be established. Work on the establishment of East-West joint financial institutions, such as a European Development Bank, as part of the implementation of CEMA resolutions, should be accelerated.

In the 1980's some changes will undoubtedly occur in the geographic structure of East-West ties. Their directions will be determined by the possibilities of development of trade, production and scientific-engineering cooperation as determined by the political situation, the economic situation, and credit availability.

A potential for further development of economic relations exists primarily between the CEMA countries and the EEC countries. The CEMA countries are principally interested in this. Both the program declarations as well as past foreign economic practice show that the economic integration of CEMA countries is of an open nature which does not restrict the development of relations with countries outside the CEMA; at the present stage of development of CEMA countries, expansion of economic relations with capitalist countries is actually one of the requisites for their further development. First of all, the balance of payments must be equalized, by increasing exports and not by restricting imports. At the same time, the CEMA countries, by developing cooperation with EEC countries, can take advantage of access to modern technology, constructive solutions, and know-how.

The EEC countries also have a number of reasons to expand their interest in the development of cooperation with CEMA countries. Of particular importance is access to raw materials resources and also a skilled labor force. We can expect that the Common Market will expand further in the 1980's, so that in several years it may encompass most of the West European countries. This does not mean that countries belonging to this grouping will be discriminated against, including the CEMA countries. There are a number of ways by which through institutional settlements, the negative effect of the integration of EEC countries on trade with countries outside the EEC can be reduced.⁷

⁷ I. Soldaczuk, "East-West Economic Relations in the Light of Changes in the Structure of the World Economy," as above.

The processes of regional integration are an objective phenomenon. They appear from the tendency to internationalize economic life in the East and West. Although they occur in different political and socioeconomic circumstances, they do not have to serve to "close off" each of these groupings or to diminish the possibilities of the development of economic relations between them. But undertakings on the part of both sides are essential, and particularly an EEC-CEMA understanding, for the development of mutual ties to be permanent and not dependent on economic conditions.

It is also hard to define the development of economic relations of socialist countries with the United States; this is due primarily to the fact that economic relations are subordinated to political relations.⁸

Potentially the North American market is especially attractive to all countries of the world, including the socialist countries, mainly in view of the fact that it has the most modern engineering and technology. This is also the region that has the largest amounts of farm production and is the largest world exporter of grain and fodder. It is also a very attractive, large market for export, relatively the most open (particularly in comparison with EEC). The large American syndicates dominate throughout the world among the transnational syndicates and the international banks, controlled by American capital, dominate the world credit market. For this reason, economic relations with American syndicates are attractive for the socialist countries, because they indirectly facilitate access to the markets of most countries in the world.

Despite large potential possibilities, it should not be anticipated that in the 1980's the presently modest economic ties of the socialist countries with the United States will be able to change meaningfully for both sides. This pertains particularly to the relations of the Soviet Union with the United States. For political reasons, the Soviet Union does not have a most-favored-nation status in its relations with the United States, it does not have access to governmental credit institutions (Export-Import Bank and the Commodities Credit Corporation), and American exports of technology and machines and equipment to the Soviet Union are subject to strict strategic control.

The United States will continue to apply a policy of selective treatment towards small and medium socialist countries in the 1980's.⁹ Some of the countries of the East (Yugoslavia, Romania, Hungary) which have most-favored-nation status, may be treated more liberally than the other socialist countries. The access to government credits, to technology, grain, fodder, etc., will probably remain differentiated.

The economic situation in the socialist countries, the quantity and competitiveness of products, marketing activity, etc., are also important for relations with the North America region. The North American market is extremely demanding from the standpoint of the high criteria of its purchasers, particularly as concerns technical level, quality, and timeliness of delivery.

⁸ J. Soldaczuk, "East-West Economic Relations in the Light of Changes in the Structure of the World Economy," as above.

⁹ Ibid.

There will continue to exist on this market a system of legal institutions different from those in Europe, protecting the interests of the consumer, a system of health and safety standards, technical standards, responsibility for product defects, etc. For producers and exporters from socialist countries, accustomed to considerably less stringent standards of quality and the sales market of the CEMA, this will continue to be a difficult market. There is strong competition on this market also from local production, as well as from exporters from developing countries, and a mutual competitiveness on the part of socialist countries.

Under these conditions, every increase in the share of socialist countries on the North American market will require comprehensive measures in the area of institutional and commodity-monetary ties, and especially careful preparation of export production, adapted to the needs and requirements of American purchasers, and also a expanded network of sales and services. Relations of the socialist countries with the North American region, just as with the EEC countries, will be determined also by the economic situation, which does not appear to be optimistic for the first half of the 1980's.

In the 1980's, East-West-South economic relations should develop further. Although at present these relations are in a preliminary phase of development, their development will make it possible to combine capital-investment, technology, technical supervision, and deliveries of machines and equipment.

The potential possibilities of increasing the participation of socialist countries in these types of ventures are linked with the growing interest of all parties in this type of cooperation. It can increase the benefits to the developing countries, by not allowing the capitalist countries, which are highly developed economically, to establish a capital-investment, engineering and organizational monopoly. At the same time, it becomes possible to combine the technology, skills and experience of all groups of countries participating in a joint venture. The socialist countries have a great deal of experience in building large industrial facilities. They also have the necessary performance capacity and an experienced engineering staff in this field. The capitalist countries have the modern technology and credit availability. The developing countries, finally, have the raw materials resources, the materials for production, and an unskilled labor force.

Before all of the existing potentialities for development of East-West-South economic relations can be utilized, the necessary institutional groundwork, and particularly credit institutions, must be prepared. This applies to institutions established directly for the development of this type of triangular cooperation, as well as to general institutions which are the result of changes in the international economic order.

It should not be anticipated that the concept of the so-called New International Economic Order will become a reality in the 1980's. However, the specific elements of this "order" can be worked out. The approach to this problem by the CEMA countries which suggests that an "order" be worked out which will serve to optimize developmental processes throughout the world and all groups of countries, irrespective of their political systems, should be deemed to be correct. Then both the possibilities of the development of East-South and West-South cooperation, as well as East-West-South cooperation, will be increased.

Poland and the Development of East-West Economic Relations

In the light of the proposals set forth above, the question arises: What should Poland's strategy be towards countries of the West in the 1980's? Basically, it should not differ from the strategy of the other socialist countries. However, in several matters an autonomous approach is necessary.

Such an approach is warranted by the specific socioeconomic situation in which Poland found itself at the threshold of the 1980's. It is characterized by a lack of economic balance in all basic sectors, i.e., production and investment, domestic trade, and balance of payments. Imbalance in production reveals itself in a shortage of raw and other materials, energy, and coproduction elements, in relation to the capacity of the processing industry. As a consequence, there is incomplete utilization of production capacity. Imbalance in investment reveals itself in very extensive freezing and commitment of investment, which greatly extends the investment cycle. Imbalance on the domestic market reveals itself in the predominance of the populace's monetary income in relation to deliveries of consumer goods and services. This is expressed by the shortage of basic market goods and the growing inflation. And finally, the imbalance in the balance of payments reveals itself in much larger export requirements than capabilities, as shown by the unfavorable balance of payments. The characteristic feature of the Polish economic situation is that at the same time, the imbalance is growing. This causes a simultaneous deterioration in management efficiency, which slows down the rate of economic development, and even causes it to decline. This situation, begun in the second half of the 1970's, will also be typical for the early 1980's. The economic reform underway may help to improve it, but only over the long term. If the political situation in Poland goes well, that too, will be important. The imposition of martial law met with severe sanctions from the United States and other capitalist countries. This substantially complicated Poland's emergence from the economic crisis. The future will depend on how severe these restrictions are and how long they last.

The development of Poland's economic relations with the West during the 1980's will be encumbered primarily by the need to gradually reduce the deficit in the balance of payments. This will be an extremely difficult task, however, in view of the difficult socioeconomic situation in Poland, to say nothing about the unfavorable economic situation in the capitalist countries and the economic sanctions applied by these countries against Poland. We should not, therefore, expect radical changes in the state of Poland's indebtedness to the West; we can only expect a gradual return to a state of balance. The strategy of eliminating Poland's debts should be described as a "strategy of small steps" and not a strategy of "radical changes".

The basic requisite of this gradual progress is without a doubt the development of pro-export specialization, mainly by way of extending the serial production of products regarded as Polish specialties. This is the more important since in the 1980's, particularly during the first half, the possibilities of structural transformation in production, through new investment, will probably be limited. It also becomes extremely important to increase, at the same time, the share of processing industry products, if only to fill the gap in export caused by the shortage of coal, copper, silver, sulfur, or other raw materials (due to the decline in the mining industry in the country), and also to Poland's discontinuance of export of the basic part of agri-food articles.

If the share of industrial products in Poland's exports to countries of the West is to be increased, it will be necessary to develop cooperation in production, and particularly coproduction and joint ventures. Relatively modern engineering and technology, for the most part imported from the West, will be a positive factor in developing this cooperation. A change in the system of planning and management may play a similar role. The negatively influencing factors, however, will be economic imbalance, low management efficiency, and a shortage of raw and other materials for production.

The development of production cooperation should at the same time become one of the conditions for the development of scientific-technical cooperation. Institutional undertakings, if they are implemented in the first half of the 1980's, will help to develop both production as well as scientific-technical cooperation. Of particular importance is an expansion of the authority of economic organizations to independently develop international coproduction and joint ventures, and also regulations that encourage enterprises in capitalist countries to develop production and scientific-technical ties with Polish enterprises: thus far, they have been acting restrictively, as if in fear that there will be too much interest in the development of such cooperation.

Poland's institutional-registry ties with countries of the West should be established on two planes: within the framework of the international economic policy of the socialist countries and within the framework of Poland's foreign economic policy towards capitalist countries. The first approach is indispensable to take advantage of greater negotiating strength, and the second, in order to take advantage of individual preferences. For the most part, both approaches will be mutually in agreement; but a certain area of conflict of interests may occur (for example, in the case of Poland's joining the International Monetary Fund). Such an approach will be justified in the first half of the 1980's by Poland's difficult economic situation, and particularly the state of its balance of payments with countries of the West.

MACHINE TOOL, ELECTRONICS PRODUCTION STRATEGY DETAILED

Bucharest ROMANIA LIBERA in Romanian 14, 15 Jan 83

/Interview with Vasile Baltac, state secretary in the Ministry of Machine Tool Industry, Electrical Engineering and Electronics, by M. Radian: "At the Top of the List: The Quality and Diversification of Production," date and place not specified./

/14 Jan 83 pp 1, 5/

/Text/ /Question/ We are at the beginning of a new year and I would like to suggest a conversation on the projects and plans of the ministry. Given, however, that we are in the period following the party's National Conference which constituted for you a review of the period since the Twelfth Congress, I would like to ask you, on behalf of our readers, to try to look back over these past 3 years. Therefore, overall, how does your sector fare in the review regarding the tasks given it?

/Answer/ I would begin by giving some data concerning the period to which you refer, one characterized by important growth in this particular industry. We had an average annual growth rate of 4.1 percent in the production of goods and 15 percent in exports in hard currencies as well as a reduction of 35 lei in total expenditures per 1000 lei and of 16.8 lei in materials per 1000 lei. Looking at these figures, we can conclude that the balance sheet on this period is positive and that the industry of machine tools, electrical engineering and electronics carried on sustained activity in the spirit of the Twelfth Congress.

The prestigious results obtained in this peak sector of the national economy are the direct consequences of the directions and directives which constantly were given us by the secretary general of the party, Comrade Nicolae Ceausescu, to create products of high technology capable of assuring the extension of technical progress in all the other branches of the national economy, to allow superior returns from material resources, the savings of energy and fuels and the manufacture of products to satisfy in an ever increasing way the demands of the customers.

Of course, in this vast undertaking of the sector, we had a number of non-fulfillments, deficiencies or shortcomings. We are aware of their existence and we are working resolutely to eliminate them.

[Question] The fundamental objective set out by the congress for your sector, as well as for other industrial sectors, was for it to grow at a sustained rate in line with its achievement of a new level of quality based on the strong performance of the technical-scientific revolution. To what extent was this objective realized and with what economic results?

[Answer] Before answering that question, I would like to make a few observations concerning the nature of our work. High technology subsectors such as electronics, computer science and fine mechanics are brought together under one ministry. The growth of production of electronics is necessitated by the fact that it achieves the maximum return from the materials, metal and intelligence of men, allowing the production of goods of high value with a minimum consumption of materials and energy. This is a particularly important aspect in the context of the worldwide crisis in energy and raw materials. The development of this sector was made imperative by the need to link to the demands, the contemporary scientific and technical revolution which presumes the automated processing of ever increasing data in all domains of economic and social life, the widescale use of computer technology, the increased level of automation of equipment and industrial processes and their robotization and cybernation as the principle factors in increasing work productivity and in continuing the growth of the level of civilization, culture, comfort and so on.

And now I will answer the question.

The decisions of the Twelfth Party Congress of the RCP call for electronics to represent about 16 percent of total machine construction by 1990 which means that by 1985 it is to amount to over 10 percent. The growth of industrial construction throughout the industry of machine tools, electrical engineering and electronics in 1985 will be 175.1 percent of that in 1980.

In this high technology industry of our national economy, it has been necessary to develop the industries of electronics, fine mechanics and machine tools, especially those that are specialized.

[Question] Some specifics would be welcome.

[Answer] I agree. For example, important increases in 1985 compared with 1980, will be registered by industrial electronics equipment (366 percent with an average annual growth of 29 percent), electronic components (310 percent with an average annual growth of 25.4 percent), electrical engineering and electronic automation facilities (212 percent with an average annual growth of 16.2 percent), machine tools (237 percent, with an average annual growth of 19.9 percent), and industrial products of fine mechanics (301.3 percent with an average annual growth of 24.7 percent).

Specifically, I would say that the principal tasks of our industry were directed towards maintaining the increase in the level of quality of all industrial production through the widescale application of mechanization, automation, and computer science. We were to produce the high performance tools needed to equip all branches of the national economy with modern

technology by establishing a complex system with progressive integration of fine mechanics, electronics and computer science in the machine base. Thus last year we produced new types of high-output machine tools with higher speeds and high-precision equipped with numerical command and automatic change of tools, multi-purpose machines assembled with an increased level of automation and so on.

[Question] For example?

[Answer] A series of new products with technically superior parameters introduced and placed into production: machine tools, machine assemblies and specialized machines, processing centers, equipment for electrical boring installations, electronic data collecting systems, integrated circuits for color televisions, electronic telephone exchanges of 50, 200 and 1000 lines, synchronized generators and automatic naval regulators, intermediate high-power relays, UHF portable radiotelephones, handlamps, three pole terminals and so on.

[Question] Generally it is known that in these times, the world economic crisis as well as the energy and financial crises have put great burdens on the economies of all countries, especially those of developing countries. To what extent, through which methods and with what results has your sector been involved in fulfilling the demands of the national economy for equipment, tools and installations, in particular those imported up until now?

[Answer] I can state categorically that in the enterprises and institutes in our sector, this period saw an unprecedented growth in research and introduction of new products particularly those which have had to be imported.

The requirements to fulfill the priority programs of the national economy were considered foremost: mining, metallurgy, drilling and extraction, energy, aviation, the navy, food and so on.

Nineteen eighty-two saw new areas of endeavor being undertaken through the introduction and production for the first time in our country, of a significant number of products, of a wide range of equipment for controlling industrial processes, regulation and control installations, measurement and control installations, new types of electric motors, electric and hydraulic equipment, machines and complex assemblies, and now technical and production preparations are beginning for equipment for nuclear power installations and for on-board equipment required for aviation. Thus in 1982 the ministry's installations began production of 2033 new products with all the positive ramifications which arise from them for the national economy, especially in the area of reducing hard-currency imports.

Efforts undertaken also resulted in reducing almost by a half the period of introducing certain complex products along with the achievement certain performance requirements superior to those obtained previously. As examples I can mention batteries, handlamps, triple pole terminals for refrigerators as well as electrical installations for drilling (whose speed is increased by 30 percent, energy productivity by 20 percent and durability by 35 percent).

Such examples are many but I would say that more important than enumerating them, would be pointing out the fact that at present, we are doing our utmost to bring new products into production in order to facilitate the hard currency efforts of our country and raise exports.

[Question] Since we have arrived at this topic, I would ask you to tell our readers, who doubtless are interested in knowing, which are the major achievements of the ministry in the export of machine tools, installations and equipment?

[Answer] Returns from export in 1982 are 16 percent overall better than those obtained in 1981 and 22 percent better regarding convertible free currency. There were substantial increases in the following groups of products: power transformers, low and high voltage electrical equipment, automation devices, electronic components, diesel-electric locomotives etc.

I would like to mention that ensuring the achievement of export goals this year and in the future is a basic, on-going concern of the collective leadership bodies in the ministry, the industrial centrals and enterprises. This concern is put into action through firm measures aimed at the rapid renovation of production in line with the demands of contemporary technical-scientific progress and on the basis of achieving superior returns on raw materials, materials, fuels and energy, on the workforce, and on the increase of the technical and qualitative level of goods offered for export. It is put into action through the extension of specialization of production for export and its adaption to the demands of foreign customers--obtained by broadening the variety of goods involved in export, through increased speed in drawing up and transmitting technical-commercial offers, by going after new foreign contracts, and in the end, by paying particular attention to meeting the delivery dates in contracts with foreign partners through scheduling production of the goods contracted for ahead of the due dates of the contracts.

[Question] Which are the more important production units to come on the scene in the past 3 years, and if possible, could you give some data about their level of technology, utility and their economic and social value?

[Answer] In this period, our industry developed its new domains, rounding out its structure to deliver the full range of goods required in our national economy.

Hence, the enterprise "Microelectronics-Bucharest" came on line to produce the new evolving types of electronic components required for the electronics industry that are demanded by the prospects of the decade in which we live; The Enterprise of Machine Tools for Plastic Deformation-Dorohoi, which, through its production, ensures a qualitative and quantitative growth in the equipment for processing through plastic deformation, and thus, contributes to the introduction of the technologies of plastic deformation for reducing the consumption of metal, of labor and for improving the quality of items; The Hydraulic Equipment Enterprise-Rimnicu Vilcea, which will contribute to the production of a range of equipment with new complex elements of particular utility, such as servo-control devices, filters with high levels of filtration.

pneumatic-hydraulic accumulators, new items for centralized lubrication and so on. All of these things will give our country the ability to participate in the economic coordination foreseen in the future, set down by the National Conference of the party.

Question/ How has the sector carried out its specific obligation to contribute through its products to the growth in the quality of life of our citizens?

Answer/ In fact, by all that we produce we contribute directly or indirectly to improving the quality of life in our country. If I were to refer to the direct contribution through goods destined for the domestic market, I would mention that our ministry has the important task to deliver to the people products designed to lighten the work load as well as to reduce the time necessary for housework and improve comfort, such as refrigerators, stoves, mixers, washing machines, hair drivers, radios, cassettes, televisions, sewing machines etc.

As a result of efforts undertaken, domestic sales have shown important growth compared to past years, especially with refrigerators which in 1982 reached 300,000 units, cassette and radio cassette players about 34,000, programmable washing machines, mixers etc. These figures are in line with the demands of the people although the production achieved does not yet completely satisfy these demands for all types of products. Along this line it should be mentioned that the numbers contracted for deliveries of the products of primary need have been surpassed. These include vacuum cleaners, refrigerators, automobile spare parts, televisions and low wattage light bulbs.

I would also stress that an important characteristic of the activities of our ministry in 1982 was directed toward introducing new products of mass consumption in order to further satisfy the demands of the people. Thus, automobile cassette players, vacuum cleaners with economical controls and 160 liter freezers were introduced and soon dishwashers, color televisions, new types of radios, stereo cassette players and so on will appear on the market.

Question/ Your sector is directly, or especially through the equipment it furnishes to the national economy, one of the major consumers of energy and fuel. What has been done and what results have been achieved in reducing the specific consumption of electrical energy and natural gas in the units of your ministry and, especially, in the energy efficiency of the goods delivered to customers?

Answer/ Our principal concern in this area has been and continues to be creating products which use less energy to operate, that are of superior efficiency, and which are marked by reduced specific consumption during their entire working life with the consumer. Hence, by redesigning power transformers to reduce losses, we have reduced these losses by an average of 15 percent per transformer. In like fashion, by increasing the efficiency of electrical motors larger than 250 kw, losses dropped by an average of 18 to 24 percent compared with earlier models. We have achieved good results in reducing consumption by household goods. Among these, I would mention televisions

with reduced energy consumption from 100 watts to 70 watts, vacuum cleaners with electrical controls, light bulbs with a reflective surface which at 40 watts produce the light of normal 100 watt bulbs and so on.

Also, by introducing a strict economy program and by modernizing installations and equipment, we are working to save electrical energy, having achieved a 5 to 8 percent reduction in consumption. In order to achieve the tasks in the plan for 1983 which are greater than last year, measures have been implemented to achieve this production with the consumption of no more energy than that used in 1981.

[15 Jan 83 p 3]

[Text/ Question/ Your sector uses raw materials and materials usually in a debit fashion. What have you done and what results have been obtained to reduce consumption of raw materials and materials?

[Answer/ By applying a series of measures of redesign of some products, of modernizing technology, of improving templating for cutting, through widescale implementation of centralized debiting, reusing leftover materials and so on, we have achieved the planned utilization factor and for the majority of products we have come within the norms and standards for consumption approved in 1981, realizing important savings of ferrous and non-ferrous metals and precious metals. For example, we saved 4200 tons of fully rolled steel, 7000 tons of lead, 920 tons of rolled copper, 415 tons of rolled brass, 7800 tons of aluminum, 11 kg of gold and 216 kg of silver.

For 1983, and as a result of obligations assumed at the National Conference of the party, we have proposed to continue the very judicious management of raw materials and materials, adopting concrete measures at the design institutes and enterprises, thus programming ourselves to reduce specific consumption by 8.3 percent for electric motors, 6.5 percent for transformers, 14 percent for equipment for the light industry, 12 percent for machine tools and so on.

[Question/ How do you evaluate the quality of the products of your sector?

[Answer/ An overall evaluation would be difficult to make, however, the general level of quality has increased a great deal in this period. What is important is that the level of quality of production is always being considered by the ministry and all the workers of our sector. Thus the concern has grown to ensure quality right from the design stage of a product, and then through the application of new technical and organizational measures, the introduction and extension of mechanization and automation of the production processes, improvement of the construction and technological documentation of execution and control, improvement of the supply of tools, mechanisms, measure and control devices, testers, ensuring that the production equipment works to precision, improvement of the conditions of accuracy, of handling, of transport and storage of the products, strengthening of technological discipline, improvement of durability, improvement in the professional training of the worker and so on.

Question/ What are the top priorities of the sector. What interesting information would you like to give to our readers in connection with the quantitative and qualitative indicators of the plan in 1983 and the prospect through 1985?

Answer/ In the upcoming period and especially for 1983, there are a series of objectives whose content carries the imprint of the scientific and far-sighted thought of Comrade Nicolae Ceausescu. These are based on the tasks which face our national economy and on a more rigorous evaluation of the economic and technical-scientific potential which the units of the ministry possess.

In line with these, we will accent the structure of production and export, reduce the share of products which consume energy-intensive materials and imported materials (cables and conductors, electrical insulators, transformers, high-voltage equipment, electric lamps, moulded pieces and so on), and substantially increase the products which give superior return for material resources and labor invested. I would note in this regard, the growth this year in the production of electronic automation devices (18.4 percent), calculators (8.4 percent), industrial and professional electronics (19.3 percent), machine tools and specialized machines (90 percent), transmission equipment (63 percent) and so on.

Question/ What do you have in mind to help the hard currency efforts of the country to increase exports?

Answer/ As the basis for production in 1983, we have in mind more domestic production of machines and equipment currently being imported. Thus we are going to introduce and begin manufacturing over 480 kinds of machines and tools of great technological complexity this year, the majority of them unique or produced in small numbers. More specifically, we refer to 272 types of machine tools, assemblies and transfer lines for cutting metals destined for the automobile, light and aeronautical industries, for the production of technological equipment, for the metallurgical, electrical engineering and electronics industries etc. We also have in mind 33 kinds of tools for forging and pressing, 48 kinds of tools for the wood industry and 130 types of machines and equipment for light industry.

At the same time, this year we are planning to introduce an important quantity of equipment, installations and devices destined for nuclear power plants, an important quantity of components, subassemblies, materials and spare parts no longer to be imported, equipment for recovering secondary energy resources and fuels and equipment for the energy, mining, petroleum and chemical sectors and other areas as well. As you can see, we are putting special emphasis on producing equipment destined to broaden and diversify the base of raw materials and materials in the country.

Regarding activities to increase exports, I would mention that as a primary directive of the program to introduce new products in particular is the effort for our more rapid adaptation to the demands of the foreign market by increasing the percentage of products which are to be produced in accordance with the

demands of some foreign customers (transformers, locomotives, specific equipment of the electronics industry, telephone exchanges, mini-calculators, machine tools etc.). Another area we pay increased attention to is that of substantially reducing the weight of machines and equipment and of ensuring technological solutions which lead to savings in materials and economies in the work force. It would perhaps be worthwhile for you to mention that the volume of the introduction of new goods called for this year represents a three-fold increase compared with the average results of the past two years in the efforts of conceptualization and technological preparation of production.

Question/ Do conditions exist or have they been created to achieve this vital task of guaranteeing the needs of our national economy and of the stock of goods destined for export?

Answer/ Decisive measures have been taken in this regard for a proper organization of technical activities, both in the design institutes as well as in the enterprises, for the concentration and maximum use of the funds and material resources to accelerate placing into production vitally necessary production capacities, especially of those already begun.

Question/ These being the principal options, what do you have in mind to put them into practice?

Answer/ First of all, we will pursue ensuring a production better adapted to the needs of the domestic and foreign market, a "reprofiling" of certain industrial units and also the creation of a second profile at those which have excess production capacity. Secondly, we will increase the in-house production of materials which can be produced in units of the ministry. Thirdly, we will intensify activities to export complete lines, licenses, technologies, designs of specialized factories for export, for the maximum return from the potential which we have in the electronics area. Finally, we will develop microelectronics and computer science at a sustained pace as well as industrial and professional electronics.

Question/ What place will increasing the economic efficiency of the sector have in 1983?

Answer/ A central place. We have proposed that labor productivity, calculated on the basis of net production, will grow by 12 percent compared to 1982, the entire growth of comparable production to be achieved by increasing labor productivity. As a result of the requirements for reducing specific consumption, at the levels established for 1985, the entire growth in the volume of goods produced as well as part of the remainder of production is to be achieved through superior exploitation of raw materials and materials. For some products and groups of products, the levels projected for 1983 are to be achieved with less material than what they consumed in 1982.

As a result, compared with 1982, specific consumption will be reduced by 18 for ferrous material, 8.6 percent for aluminum and 4.3 percent for copper. For electric motors, metal consumption will drop at an average of 8 percent.

for the machines 12 percent, and for tools for the same 10 percent. For the Ministry as a whole, the reduction of expenditures will be 10 percent.

I must conclude my remarks about the immediate future of the sector without pointing out once again the fact that, pursuing the completion and successful application of the tasks spelled out regarding the carrying out, production or imports, particularly those paid for in convertible currency, the units of the ministry will continue to exert sustained efforts to achieve these vitally important tasks in the growth of the level of integration, the diversification of the introduction of new units and subassemblies as well as in the selection and promotion of replacements from domestic production for raw materials and materials we obtain through import.

Finally, I would like to make known to the readers of *ROMANIA LIBRA* that the workers in our sector are determined to work in a way to achieve all the provisions of the plan for 1983 and all the tasks which apply to them in the decisions adopted at the National Conference of the Romanian Communist Party.

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METALLURGY MINISTER DISCUSSES PROBLEMS, PLANS FOR 1983

Bucharest SCINTEIA in Romanian 12 Jan 83 pp 1, 5

[Interview with Romanian Minister of the Metallurgical Industry, Neculai Agachi, on the occasion of the new year by Corneliu Carlan; date and place not specified]

[Text] [Question] What is the principal characteristic of metallurgy's development in the present 5-year plan and how can the results obtained in the production of this sector be evaluated?

[Answer] Right from the start, it is fitting to point out that the concept to create and develop this sector, and to integrate it into the national economic system, belongs to the secretary general of the party, Comrade Nicolae Ceausescu. Thanks to the particularly valuable directions and directives which the metallurgists of our country have continually received from the secretary general of the party, in this 5-year plan, the metallurgical industry enters a new evolutionary stage, marked by the qualitative aspects of producing metal. This is being achieved through the intensification of the process of modernization and diversification of the product lines offered, in response to the ever-growing needs of the machine building industry and of the other sectors of the national economy. The sector's technical base has developed rapidly as the result of properly applying measures to bring on line new metallurgical units and new production capabilities at the large metallurgical plants at Galati, Hunedorara, Resita and Tirgoviste, of additional equipping and modernizing of some steel preparing and processing units at other enterprises, and of improving the training of the workforce and organizing the production process. Thus it can be said that the metallurgical industry succeeded in the first 2 years of the current 5-year plan in filling the needs, in meeting successfully not only the demands of increased quantities of metal but also those of quality, including those of the high-grade subsectors of the industry of machine construction. At present, types of steels and a variety of metallurgical products of high technology are being manufactured in the country which until now had to be imported. These include special steel for tools, steels for bearings and assembly units, some varieties of drawn bars, cold drawn wires, steel sheets and strips, sheet steel for the ship building industry, pipes for boilers, deep drilling tubular materials, metallic inserts for auto tires and other things. Through the extraordinary efforts of the metallurgists, 1982 also

marked a series of good results in the diversification of production, growth in the technical and qualitative levels of metallurgical products, and, as a result, it assured superior utilization of the metal and of the raw materials involved in obtaining it. We have achieved some good results in reducing specific consumption of raw materials and other materials as well as fuels; the combined consumption of these per ton of steel has been reduced to about 30 kg of conventional fuel compared with 1980. As a result, material expenses were reduced in 1982 compared with those of the previous year by 8.5 lei per 1000 lei of goods produced, and profits rose in the same period by more than 1 billion lei.

Despite this, we have to point out that the results obtained overall throughout the ministry are not satisfactory. In 1982 the output has not risen to the potential capacity of the metallurgical enterprises or to that of the equipment that metallurgy has on hand, nor to meet all the demands for domestic metal use and export. Due to some shortcomings in internal operations and in executing cooperative ventures with other ministries, we did not succeed in bringing into production some new products for which the need is great, we did not fully achieve the plan figures for certain products, and the economic results of some metallurgical units fell well below planned levels.

[Question] The party's National Conference gave metallurgists new tasks, new responsibilities targeted assure a qualitative leap in this important economic sector. Specifically, in this regard, how will this be activated?

[Answer] The program documents adopted at the party's National Conference give to the metallurgists, as to all our people, clear directives concerning the work of all collectives in the future. Right from the first days of the new year, in all the metallurgical enterprises there has been decisive motion toward implementing the tasks set forth by the National Conference. In fact, 1983 brings to the metallurgical industry increased goals both quantitative and especially qualitative. Thus, compared with 1982, the metallurgical industry has the necessary conditions to achieve increased production of steel, completely finished rolled steel and pipes and adequate production of other products and varieties of goods. We have in mind accelerated growth in the level of production of varieties with higher metallurgical processing such as sheets and strips of cold-rolled steel for the electronics industry (53.6%), galvanized steel for beams and rings (42.9%), dead-drawn wire (31.1%), steel cables (19.6%), metal inserts for automobile tires (20.8%), forged beams and ingots of tool steel (35.6%) and so forth. We are also aiming at an important increase in alloys and light alloy speciality steels, a large portion of which will be rust-proof and heat-resistant steel for ball bearings, silicon steel for assembly units and steels for pipes for petroleum and construction. The task calling for the introduction and production of steels for the nuclear industry needs to be underscored. All of these will contribute to the tangible improvement of the structure of metallurgical production, in the aggregate leading to a growth in the rate of return from raw materials by 5 percent in the value of goods produced and approximately 11 percent in the value of net production.

At the same time, we are particularly concerned with the introduction and wider application of new technologies, the production of new lines of goods, the consistent promotion of technical progress in the entire sector, striving to fully supply all sectors with the required metallurgical products, in quantity and in quality, in conformity with the programs for the general development of the economy. Together with certain products destined for high technology areas which we brought into production last year and which we will produce in increased quantities in 1983 and in future years, we will continue in a determined fashion to bring into production new products based on a specific program for every line of products, with pre-determined stages of accomplishment until we completely satisfy the demands of the economy and create a stock for export.

[Question] Since you referred to the demands for metal in the economy, what steps have you taken so that this year the customers will no longer suffer the shortages of some kinds of metallurgical products which last year created difficulties for carrying out productive activities?

[Answer] I can tell you that both in 1983 and in future years, our economy will benefit from an assortment of metallurgical products which at present are in short supply. These include: sections for hinged girders for mining, special sections for supporting mineshafts, cold-rolled electric steel bands with oriented granules for transformers, thick anti-corrosive steel plates, cold-drawn sections and beams of steels micro-alloyed with lead for automobiles, drawn and milled beams of alloyed steel for automobile transmissions and suspension systems, steel for valves, unequal angle iron, tubular materials with diameters over 16 inches for the petroleum industry and for construction, high precision pipes with 4 to 15 mm diameters and with walls under 1.5 mm, medium and light sections of steel and extruded sections and pipes of strong alloys of aluminum for the aeronautical industry, thin bands of steels for springs, wires of resistive alloys and heavy non-ferrous alloys and so on.

[Question] Of course, it is important to provide the metallurgical products necessary for the economy. However, particularly in metallurgy which is largely based on imported resources, decisive actions are needed to increase production efficiency. What do you have in mind in this regard?

[Answer] To increase efficiency we attach primary importance to implementing measures to introduce and extend new technologies which call for, on one hand, producing new products, modernizing production and raising its quality, and on the other, increasing economic efficiency by increasing labor productivity and reducing consumption of raw materials, materials, fuels and energy. Thus in 1983, production of steel in converters with oxygen will rise to 51% of the total production of steel, and the continuous casting of re-rolled semi-manufactured steel will increase to about 33% of the quantity necessary. Heating steel outside of the melting assembly with inert gasses through the vacuum and barbotage processes is taking up an increasingly important role in the technological process; equipment necessary for this recently has been put into operation at Hunedoara, Ilfoviste and Cirpila Targui. By applying the most modern technology across a broad front, we

achieve important savings of raw materials, fuels and electrical energy. Compared with 1981, we propose to obtain an average reduction in the consumption of metal per ton of rolled steel of at least 44 kg., of coke per ton of cast iron, 29 kg., and of total consumption of fuel per ton of steel of 5 kg. of conventional fuel, thus achieving important savings of other materials and other resources.

A particularly important note must be made here regarding the tasks given us concerning increasing the recapture and utilization of reusable material and the reconditioning of parts and subassemblies. In order to economize on imported raw materials, we have called for increasing the proportion of old iron in the metallic charge in the steel mills, thereby putting to use the stocks of old iron available in the economy. Also, we have set up and are developing workshops in all the metallurgical enterprises, over 900 million lei worth of spare parts will be reconditioned this year.

[Question] I would like to suggest to you that we examine some of the problems in achieving planned production. Starting from the fact that last year a series of plan indicators was not met and that the full production of all the variety of goods called for was not achieved, what have you proposed to do to avoid similar shortfalls this year?

[Answer] In every metallurgical unit, industrial central and at the ministry, we have drawn up programs of action which have as their objective eliminating deficiencies in production. We are determined to eliminate the shortcomings which in 1982 forced the underutilization of some capacities, especially the coking plant at Calan and the electric steel works at Tirgoviste and Otel Rosu etc., as well as the failure to achieve on time the projected parameters at some units recently put into operation. The measures established call for, first of all, improvement of maintenance and repair, guaranteeing the necessary spare parts by extending their use and reconditioning within the ministry's own sectors, and through better cooperation with the units supplying the parts, subassemblies, tools, rolling mill cylinders and equipment, units subordinate to the two machine construction ministries.

In accordance with the tasks laid down at the National Conference, we have taken steps to institute the rolling of metal at negative tolerance and to deliver it to customers not in tons but in metric units, in length or area. We are particularly concerned with the questions of improving the professional training of all of the sector's cadre, of continuously improving the organization of production and of labor, and of strengthening work discipline. We drew up and implemented just last year a program of appropriate measures to obtain a new efficiency in the use of the workforce; we are persevering in our efforts to apply these measures and we count on obtaining superior results quantitatively and qualitatively in this manner and efficiency in the activities of all of the enterprises in the ministry. In order that these products be efficiently manufactured and delivered to the customers and, speaking in general terms, in order that all economic contracts are rigorously respected, managers and specialists from the ministry and the industrial central work closely, at the worksites in the metallurgical plants, the

under in which the production program is carried out; they intervene quickly and preventively to resolve all of the problems which production brings forth.

Question: Large investment monies were allocated in the metallurgical industry. This sector calls for and will continue to call for the importation of ores and coking coal. By its nature, metallurgical production consumes great quantities of energy resources. How can one justify, therefore, this great economic and financial effort of the economy, indeed, of the entire population, for the creation, development and proper functioning of the metallurgical industry?

Answer: The response is as simple as it can be. Without metal, the development of the entire national economy would not have been possible nor would the establishment of modern plants and factories throughout the country--in machine construction, the chemical industry, in light industry, the wood industry and construction materials, transport; we could not have built dwellings and the other social-cultural edifices which we have now or intend in the future. Of course, there would have been the alternative of importing the necessary quantities of metal. Let us see what would have happened this year had we not carried out metallurgical production in our country: in order to import the necessary metals we would have had to spend four billion dollars more than we did spend for the cost of raw materials imported and those exportable (fuels and electrical energy) used for metallurgical production. This does not take into consideration a fundamental advantage in a planned economy such as ours, that of the guaranteed, prompt delivery to the economy of a fundamental raw material--metal. In addition, it must be said that metallurgy is a lucrative branch of the economy, in one year contributing to the economy a profit of about 11 billion dollars, and the production achieved in just 18 months is equal to the value of all the fixed assets which metallurgy possesses. And yet one more particularly important social effect: In this sector there are jobs for over 200,000 workers, direct beneficiaries of the application of the policy of the party and state to ensure optimum working and living conditions for all the people.

MINING MINISTER CREDITS NEW WORK PROGRAM WITH PRODUCTIVITY

Bucharest SCINTELA in Romanian 1 Mar 83 pp 1, 2

[Interview with Comrade Ion Lazarescu, minister of mines, by Ion Teodor:
"Through the Superior Organization of Production--More Coal, More Minerals
for the Country"; date and place not specified]

[Text] [Question] Before beginning this interview, I consulted several statistics and observed that in no other period in recent years have such great increases in production been achieved, and in so constant a progression, as in February of this year. This is why, finding ourselves at the end of the month, would you, comrade minister, make a more general estimate of activity in the extractive industry.

[Answer] As you are aware, in February, intensive political, technological, and organizational activity was undertaken in all the mines to apply the measures and directives formulated by Comrade Nicolae Ceausescu at the working session of the CC of the RCP with leadership cadres, specialists, and workers in the mining industry and geology. As a matter of fact, 3 weeks have passed since the new work program was first put into operation, and, what is particularly important, during this entire period the average daily production

it has increased in a constant manner: from 134,000 tons in the first week to 136,000 tons in the second week to 148,900 tons in the week just concluded. However, significant production increases have also been achieved in units for the extraction of useful minerals, which also changed over to the organization of labor according to the new work program. During the month of February, the production plan was fulfilled for the entire range of metalliferous and non-metalliferous mineral substances.

The results obtained during this period throughout the entire extractive industry fully confirm the efficiency of putting into operation of the new work program of three 8-hour shifts, the efficiency realized in the better use of the technical facilities at our disposal and the working time, in an organization of labor more suited to the actual demands of mining activity, in insuring better conditions for refreshing the mining labor force. As a result of the measures taken, on Saturday, 26 February, for example, a total production of 157,200 tons of coal was obtained, with the units in the Rovinari Mining Combine recording the greatest plan overfulfillments. As a matter of fact, I remark on the fact that, in recent days, the units in the Rovinari mining basin have obtained the greatest production increases, although during February they remained in debt to the national economy for a quantity of lignite that

represent today's production, because of the lower extraction rate for the first part of the month. However, I give this explanation because the results obtained are closely connected with the operations undertaken in all the coal quarries in the Republic for the increase in the indices of use of the labor resources and extension of the overall output system, a form of specialization and reorganization of labor which, starting in March, will be operative throughout the Iron Basin.

Certainly, there are still some problems to be resolved, particularly those concerning supplementing the labor force, insuring spare parts, and improving the reliability of equipment, in order to be able to make full use of the advantages of the continuous work program. The quantum increases achieved at the same time as the application of an increasingly larger scale of the new work program also prove the importance shown by the improvement of the reorganization of labor in mining, which, in the first place, obviously obliges us in the mining to make a greater effort on our part, as well as on the part of the leadership of the factories and enterprises in the extractive industry.

Guest: In connection with the new work program, it has been established that part of the necessary labor force will be supplemented by the redistribution and promotion of workers in the mining units. What has been undertaken in this direction?

Answer: According to analyses carried out, over 4,000 workers can be promoted to miners or to assistant miners by reducing the length of service in the industry, as established at the working session. This activity is in progress. At the same time, it is necessary that the labor force in the extractive industry be supplemented also by workers from other sectors of the national economy. The putting into operation of the new work program, however, presupposes not only an increased number of workers, but also the growth of labor productivity, and the reduction of indirectly productive personnel, points on which I am rather going to insist, referring to the experience gained in the mines of the Iron Valley. In going over to the work program of 8 hours per shift, in the first place, greater production discipline, and better control of technical fluctuations have been established. Then, the equipment and working time are used with greater efficiency. Finally, the level of output activity in the mine shafts is grown, where now the men are not coming about in the shafts so frequently. I am going to refer to some comparative data from January, when they worked 8 hours per shift, and from the current March putting into operation of the program of 8 hours per shift, when the miners work 7 days per week and the mine 7 days a week. Thus, for the entire (10 1/2) Mining combine, the labor productivity on the coal-faces equipped with mechanized machines has grown from 2.76 tons of 2.4 tons per shift to 3.6 tons per shift, that is, over 35 percent. As a result, the coal production extracted on a daily average for each complex has grown from 213 tons to 280 tons. In order to be able to present some more detailed elements, referring to the organization of work, here I will show the situation with the implementation of the program, the biggest working coal mine in the country.

Through putting the new program into operation, the average daily production of the mine has grown from 1,171 tons in February to 1,475 tons in March, results

PROBLEMS DEVELOPING UNIFIED POWER SYSTEM

Belgrade PRIVREDNI PREGLED in Serbo-Croatian 26-28 Feb 63 pp 1.

[Interview with Bozo Radunovic, general director of JUGEL (Community of the Yugoslav Electric Power Industry), and Mirko Niksic, deputy general director of JUGEL, by Radmila Jovanovic, PRIVREDNI PREGLED reporter-editor: "Unity Over and Above Solidarity"; date and place not specified]

[Text] During the prolonged electric power shortage in the country, which began to abate only 2 months ago, demanding outcries were frequently heard from those republics most threatened for more uniform distribution of what is available in the Yugoslav electric power industry, in which, as it is said, relations are based precisely on a high degree of solidarity. It seemed to the public that these demands bounced off a wall, as it were, or melted away in the meetings of the bodies of self-management of the JUGEL Community, which often, and now again, has found itself between the desires of the republics and the provinces and the limit set by the Federal Executive Council in adjusting the country's electric power balance for this year.

What is JUGEL, what are its real capabilities in planning electric power production, construction of facilities and consumption, when it consists of eight electric power subsystems organized in the republics and provinces and when each has its own power rate. What are the limiting circumstances, and what are the prospects for overcoming the shortage? Radmila Jovanovic, PRIVREDNI PREGLED reporter and editor, spoke about all this with Bozo Radunovic, general director of the Community, and Mirko Niksic, his deputy.

[Question] Why is it unrealistic to demand more uniform sharing of electric power when some republic or province has a greater shortage of it?

Radunovic: For years we have been building facilities in the republics and provinces mostly independently of one another, and they were not the main facilities. Now we have 1,570 MW fired with oil which we do not have in the whole power consumption that is much greater than production. Last summer everyone--some more, some less--have had a shortage. The greatest shortage was experienced by those who built facilities dependent on oil; moreover, some of them undertook many of these projects in order to reduce their shortage.

[illegible]

DATE 10-10-2001 BY SP-6 [redacted] FOR THE DIRECTOR, FBI

REASONING: Because of the reason stated above, the identity and the location of the person who is the subject of the investigation is not known. The only information that is known is that the person is a male, is a citizen of the United States, and is a resident of the District of Columbia.

CONCLUSION: The only information that is known is that the person is a male, is a citizen of the United States, and is a resident of the District of Columbia. The only information that is known is that the person is a male, is a citizen of the United States, and is a resident of the District of Columbia.

RECOMMENDATION: The only recommendation that is made is that the person be identified and located. The only recommendation that is made is that the person be identified and located.

DISCUSSION: The only discussion that is made is that the person be identified and located. The only discussion that is made is that the person be identified and located.

CONCLUSION: The only conclusion that is made is that the person be identified and located. The only conclusion that is made is that the person be identified and located.

RECOMMENDATION: The only recommendation that is made is that the person be identified and located. The only recommendation that is made is that the person be identified and located.

PLANS FOR CONSTRUCTION WORK ABROAD; PAYMENT PROBLEMS

Belgrade PRIVREDNI PREGLED in Serbo-Croatian 26-28 Feb 83 p 2

[Article by Dragoslav Zivojnov]

[Text] This year's plan for doing construction work abroad "weighs" \$2.85 billion, but collection is late on work already done at certain projects.

Even the most reliable payers are no longer rich. In recent months this has been felt to a high degree by certain of our very large construction organizations, which have been unable to collect for work they have completed. Because of this lag in payment by investors some collectives have been unable to even pay personal incomes to workers, who worked with might and main on the "foreign exchange construction projects" and managed to confirm the reputation which Yugoslav builders have had for decades in meeting deadlines and quality standards. Not only is this disturbing to people employed in the construction industry, but it can have an adverse effect on future negotiation of contracts and completion of programs planned for this year and coming years. After all, this year our builders are planning construction work abroad amounting to \$2.85 billion. This is some 15 percent more than was realized last year on "foreign exchange construction projects" in some 20 countries on 4 continents.

Fears that this year's plan will not be fulfilled are not without foundation if one examines in any detail the behavior of certain investors who until recently were good payers, even those in petroleum exporting countries. Certain countries, which themselves are being buffeted by the winds of the economic crisis, exhausted by the upheavals of war or other disruptions, have for months not been fulfilling financial obligations under contracts and on new projects they are seeking almost complete credit financing from construction contractors. To some extent they are succeeding in this, since the sizable construction capability of a large number of countries, even the advanced countries, is underemployed, so that they are offering their capability even below the real price. As they see it, it is better to work at a smaller loss than not to work at all!

Possibilities

Our builders have launched out into the world very rapidly over the last 2 years. In 1981 the value of construction work completed was \$2.136 billion

and last year it was \$2.475 billion. Last year, say, the total amount of foreign exchange was twice as much as that earned from tourism. Of course, not all the foreign exchange from construction flowed into our treasury (on the average about 66 percent of the foreign exchange representing the value of construction work done abroad is transferred into the country, while the rest is spent abroad). Even if the percentage does not increase, the amount of money is not to be underestimated. Builders, project planners and producers of building materials are trying to improve the percentage of foreign exchange transferred to the advantage of our treasury.

This year's plan of \$2.85 billion from construction work done for foreign exchange is mostly allotted to the developing countries (all of \$2.5 billion are expected from them). The amount expected from the advanced countries is \$230 million (the same as last year), and only \$120 million are expected from the socialist countries, which is 9 percent more than last year. These forecasts are based on work contracted for and projects already completed, but the results of business operation in the last several months have proven the optimists to be wrong.

In recent months there have also been reproaches to the effect that some organizations are trying at all costs to obtain work abroad, since individuals will have good earnings since the average earnings of our construction workers abroad range at about \$1,500 [sic] and are between 8- and 10-fold higher than the earnings of specialists with the same qualifications within the country. In this case such builders are not greatly worried about their organization showing a loss. The provisions of the Law on Remuneration of Workers Abroad calling for half the amount to be paid in foreign currencies and the rest in dinars or the local currency took effect this year.

Construction workers, especially those who until recently were accustomed to receiving their income solely in foreign currencies, have already expressed dissatisfaction, but there has been no recorded case of any of these "dissatisfied people" returning to the country and turning over their "foreign exchange" place to a colleague who has not been employed in that kind of work. After all, if workers of certain other countries can work under the same climatic and other (adverse) conditions for a fraction of the earnings, our workers can also renounce a portion of their foreign currency so that the organization can operate more easily.

The Oil Producers

A year ago when we were waiting in line at the gasoline pumps, we applauded the frequent reports that some of the work done by our builders and other economic organizations would be paid for with petroleum. Troubles and complications arose when this was to be implemented.

It is reported from Macedonia that their construction crew "Makedonija invest" cannot collect for work completed 8 or 9 months ago in Libya. The value of the project was more than \$200 million. These construction workers say that they have not received payment for bills dating from last May and that they are seeking more than \$7 million. It is well known that we have a treaty with

that country concerning payment with petroleum, which means that this is a way in which our market can furnish itself the "black gold," for which the demand is greater and greater.

The investor sends the petroleum to our country, and it is received and refined, say, by INA [Zagreb Petroleum Industry], which pays the equivalent value of the commodity to the National Bank of Yugoslavia. The bank then redistributes the money to the construction workers. This transaction usually takes 8 or 9 months, and the builders cannot tolerate a lateness longer than 3 months. Of course, the builders say that no one consulted them about this form of collection, and they also point to problems that arise when they need to obtain building materials. In Libya, for example, there was no cement, no nails or other materials, and there were also other problems as well. All of this is making it still more difficult to obtain foreign exchange.

About half of all the construction work abroad is done, for example, in Iraq alone. It is natural that the conditions imposed by the war are making it more difficult to carry on certain projects or even completely paralyzing the work. This especially applies to the grouping which is working on the expressway project in Iraq (the Belgrade collectives "Unioninzenjering," "Auto-put" and "Mostogradnja"), since here the losses from last year and previous years have reached nearly \$20 million. That is, the work was contracted for in 1977, and it was supposed to be largely completed. But some of the work is taking twice as long as the time stipulated in the contract, and this is not occurring without financial consequences. Certainly experiences of this kind must be studied thoroughly before commencement of new projects abroad.

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CSO: 2800/171

CLOSER COOPERATION BETWEEN SLOVENIA, KOSOVO URGED

Ljubljana DELO in Slovene 25 Feb 83 p 1

[Article by Alenka Leskovic, Zdravko Stefancic and Mihaela Zitko: "More Direct Ties"]

[Excerpts] Since contacts between Slovenia and the Socialist Autonomous Province of Kosovo are not limited to the economic sphere, there are also cultural and other types of ties between our republic and this province and the economic contacts are meeting with increasing successes. Members of the presidency of the Slovenian Assembly and a delegation from the Assembly of the Socialist Autonomous Province of Kosovo discussed these matters this evening.

As the chairman of the Kosovo Assembly, Ilija Vakic, emphasized, cooperation with the Slovenes is an ideal cooperation, since trade relations have expanded into cooperation in a number of fields. The members of the Kosovo delegation stressed that many organizations of associated labor, by the combining of work and means, do not have a completely free hand in planning joint development. They are interested in having individual republics and provinces conclude appropriate agreements in the framework of economic conferences and executive councils and the effective execution of agreements given to associated labor, to conferences and to the government would help in cases in which these bodies are involved.

At the end of the discussion, the chairman of the Slovenian Assembly Vinko Hafner mentioned that this meeting, by means of which the delegation from the Kosovo Assembly was returning the Slovenian visit, was evidence of good cooperation. It has opened up possibilities for a more extensive quest for opportunities for contacts between Slovenia and Kosovo. Because of aggravated economic conditions, in particular, factories will be built in the province which will result in more exports.

Ilija Vakic and his colleagues visited Termika today. Vinko Hafner and Martin Mlinar also took part in the discussions.

Termika is constructing, in Pristina, a plant for the preparation of prefabricated elements for the assembly of buildings. The investment has increased from the original 56 million dinars to 100 million dinars, which will be the cost when the project is completed. In spite of this, the plant has not been completed yet. Termika has about 50 workers in Kosovo who are involved in the project. When the plant is completed, about 140 workers, mostly assemblers, will be employed.

BRIEFS

GACKO-THERMOELECTRIC PLANT--The 6-year efforts of builders belonging to several contracting organizations to complete construction of the Gacko Mining and Thermoelectric Enterprise have been rewarded. Today its first kilowatts flowed into the electrical system of Yugoslavia. The electrical industry of Bosnia and Herzegovina and Croatia has been enriched by a generating station that will annually produce 1.7 billion kilowatt hours of electricity. The station has begun a period of production and equipment adjustment that will last a total of 6 months. During the first 3 months of testing alone, 150 million kilowatt hours of electrical energy will be produced. [Excerpts] [Sarajevo OSLOBODJENJE in Serbo-Croatian 10 Feb 83 p 1]

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